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Germany Cuts Rate As Neighbors Hope For Breathing Room

By Brandon Mitchener

FRANKFURT — The Bundesbank set the stage Thursday for a fresh economic stimulus by lowering the German discount rate by half a percentage point, to 5.25 percent, but it cautiously abstained from an immediate easing by leaving its most influential market rate unchanged.

The Bundesbank's move came amid growing worries that the German economy, Europe's largest, needs lower interest rates to put recession behind it, and less than a month before the first in a series of pivotal regional and federal elections.

It also provided other countries in Europe a small degree of flexibility to cut their own national interest rates in an effort to bolster consumer and investment spending and shore up weak economies.

Belgium, the Netherlands and Austria also cut interest rates after the Bundesbank's move.

The Paris Bourse, which keeps a wary eye on German rates, jumped in minutes from a loss to a gain on expectations of a French follow-through, which economists said might come soon. Bond prices also firmed and other European currencies gained against the Deutsche mark as German shares firmed in after-hours trading.

"By acting slightly earlier than many expected, the Bundesbank is showing that it's somewhat worried about the economy and it doesn't believe Rexrodt's forecast for slightly more than 1 percent growth this year," said Wilke Groeneweg, an economist at Salomon Brothers in London, referring to Günter Rexrodt, the German economics minister.

Earlier this week, Mr. Rexrodt said he did not expect the Bundesbank to cut interest rates for "months," but he praised the politically independent central bank Thursday and said its decision "supports a continued improvement of the economic climate in Germany and makes it easier for participants in the European exchange rate grid to cut their short-term interest rates."

Paul Horne, chief economist at Smith Barney in Paris, said the Bundesbank's

move "makes things a lot easier" in France, which has been waiting for the Bundesbank's cue. "They'll get their short-term interest rates down by one-half percentage point, like the Germans, probably by Tuesday," he said.

But economists said the Bundesbank's easing would only bring visible economic benefit if commercial banks shared their savings with customers. So far, in many countries, they have been slow to do so. "In France, Germany and Italy, banks aren't really passing on the full benefit," said Mr. Horne.

The Bundesbank said it had lowered the discount rate because consumer price inflation

The dollar fell against the mark despite the rate cut but rose against the yen. Page 12.

tion "is continuing to decline." In its February monthly report, details of which were released Wednesday, the Bundesbank said German prices had risen at an annualized rate of 2.5 percent over the last six months, excluding a rise in the gasoline tax at the beginning of the year.

The monthly report also concluded that the German economy is still in a trough. "The recessionary tendencies have still not been fully overcome," it said. Among the main reasons it gave were sluggish consumer and investment spending, which are closely related to the cost of borrowing.

Unemployment figures for January were worse than expected, hitting a postwar high of 4 million.

The Bundesbank's decision to leave the rate on its influential securities repurchase agreements, or repos, unchanged at 6 percent, where it has stood since December, is a kind of hedge against developments on the foreign exchange and labor fronts, analysts said.

The Deutsche mark has fallen ever since the Federal Reserve's decision on Feb. 4 to raise U.S. interest rates. It has also been pressed by labor turmoil with Germany's biggest labor union, IG Metall, still negoti-

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Russians Steer Serbs to Pull Out UN Cites Major Removal of Heavy Guns Near Sarajevo

By John Pomfret

Washington Post Service

MOUNT TREBEVIC, Bosnia-Herzegovina — Bosnian Serbs began withdrawing heavy weaponry from the snow-blanketed mountains around Sarajevo on Thursday in a sign that the forces that have besieged Bosnia's capital for 23 months are moving to comply with a NATO ultimatum to pull back their heavy guns or risk air strikes.

The troop movements came as Vitali I. Churkin, the special envoy to the former Yugoslavia, delivered a letter to the Bosnian leader from President Boris Yeltsin, a Russian ally, in which he urged the Serbs to pull back their heavy guns to Sarajevo to bolster the UN peacekeeping operation there and its week-long cease-fire — the most successful since the war began.

UN officials said they witnessed trucks pulling 155mm howitzers and tanks along with anti-aircraft heavy machine guns mounted on tractor-trailers playing a 120-kilometer (75-mile) long road that was built during the siege and hems the city in from the north.

Lieutenant General Michael Rose of Britain, the commander of UN forces in Bosnia, released a statement quoting Radovan Karadzic, the leader of the Bosnian Serbs, as pledging to move the bulk of the heavy weaponry outside the 20 kilometer exclusion zone by early Friday.

The Russian announcement, which caught UN officials in Bosnia by surprise, was made in exchange for a Bosnian Serb pledge to fulfill the terms of the NATO ultimatum. The North Atlantic Treaty Organization warned the Serbs that by midnight Sunday they would have to pull back their heavy guns from the center of Sarajevo or put them under UN control to avoid attack by NATO jets.

"We can say that any air strikes on Bosnian Serb positions are ruled out for the simple reasons that there will be no targets for their strikes to hit," Mr. Churkin said in Pale, the headquarters of the Bosnian Serbs.

The Bosnian Serb pledge, combined with reports of significant weaponry moving down the mountains that loom over Sarajevo, indicated that after a week of prevarication and negotiation, the Serbs were ready to conform at least to the spirit, if not the letter, of the NATO ultimatum.

Emboldened by the overt show of Russian support, Mr. Karadzic said: "We do think the war in Sarajevo is finally over."

The Russian proposal appears to have tipped

the Serbs toward compliance and away from procrastination. It provides the Serbs a dual package: much-desired security guarantees, in the form of 800 soldiers perceived to be an allied force, and an equally important Balkans face-saving device. Thus the Serbs avoid responding directly to the NATO ultimatum, which they have tried to ignore since it was

Clinton says NATO is "dead serious" about air strikes. • In western Bosnia, a new campaign of violence. Page 2.

issued last Wednesday, and instead embrace the appeals of their Slav brothers.

On a broader level, the re-emergence of Mr. Churkin, a Russian deputy foreign minister, as an important figure in the Bosnian peace process parallels that of the U.S. special envoy, Charles Redman.

It was clear Thursday that Mr. Karadzic has placed his faith in Mr. Churkin to be an honest broker for the Serbs. Officials from the mostly

Muslim government, disheartened by the unsuccessful attempts of the European Union to bring peace to Bosnia, have done the same with Mr. Redman, the former State Department spokesman who visited Sarajevo earlier this week.

However, as with all the agreements that have bedeviled this conflict and raised unfounded hopes for peace in Bosnia, much remains to be confirmed about weapons movement and the issue of the exact meaning of UN "control." General Rose has provided several meanings for that word since the ultimatum stopwatch began ticking a week ago.

Following two meetings in one week with Admiral Jeremy M. Boorda of the United States, the NATO commander, General Rose issued his strongest definition yet of control, vowing Wednesday that Serbs would have to fight to retrieve their guns.

"We're a little confused," said Radomir Kujundzic, a 50-year-old gunner who was manning an empty artillery site high above Sarajevo on

Thursday. "First they say stay with your guns and now they say everything must go."

Minutes before, two transport trucks had pulled two 155mm howitzers from their positions, through a swirling snowstorm. A huge pile of freshly cut pine clippings, empty ammunition boxes and the blackened indentation of the artillery in the mud and snow were all that remained of the guns.

In Sarajevo, UN spokesmen said they believed the Serbian pullback had begun in earnest.

"We are seeing very significant withdrawal of Bosnian Serb forces off the hills around Sarajevo," said Lieutenant Colonel William Aikman of Canada, spokesman for the UN Protection Force in Sarajevo. He said previous reports of UN military observers had spoken of individual pieces of equipment "but today they are talking about convoys of equipment moving off the hills."

However, several UN military observers — See SERBS, Page 4

Hosokawa Acts to Placate U.S. on Trade But Steps He Seeks Appear to Be Old Ideas Already Rejected

By David E. Sanger

New York Times Service

TOKYO — Under growing pressure at home to prevent the outbreak of a trade war with the United States, Prime Minister Morihiro Hosokawa on Thursday summoned the bureaucrats who headed up his failed negotiations in Washington and told them to compile a series of market-opening initiatives that could placate Washington.

While the prime minister appeared to be taking the initiative, the proposals his government is considering, from new government procurement rules to import drives and measures to deregulate the Japanese economy, appear cobbled together from old proposals that the Clinton administration has rejected as insufficient.

The scurry to come up with some kind of plan, however, marked a shift in Japan's strategy, indicating that the broad initial support for

Mr. Hosokawa's tough response to President Bill Clinton last week is gradually eroding, as the price tag for Japanese business mounts. That is exactly the mix of confusion and fear that Mr. Clinton's economic team has been trying to sow since Tuesday, when the United

States is getting worried about being left out of the booming Asian market. Page 4. • The United States' trade deficit with Japan surged to a record last year. Page 11.

States initiated sanctions against Japan in a cellular telephone dispute and sat back as the yen soared. A high yen further squeezes the profits of Japanese companies, making their exports less competitive.

In the minds of many Japanese officials, Mr. Hosokawa has gone too far now to back down on the central issue in the dispute, Japan's refusal to commit to some kind of "numerical

targets" for the performance of American goods in the Japanese market.

But over the past few days, Japan's plan for deflecting confrontation with the United States has become clear. It is hinting at a return to the bargaining table, while moving ahead "voluntarily" on market openings in sectors of the Japanese economy in which the government has the most control. Mr. Hosokawa seems to be betting that even modest progress will bring an end to Mr. Clinton's threats.

"Hosokawa is in a very, very tight spot," one of his senior policy advisers said. "He is destitute of a good policy, business is beginning to scream, and he's got to come up with something pretty fast."

The chief cabinet secretary, Masayoshi Takemura, said that the prime minister and his advisers "agreed that the ball is in Japan's court." Mr. Takemura suggested that Mr. Ho-

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In Nod to Israel, Syria Agrees to a Visit

By David Hoffman

Washington Post Service

JERUSALEM — Syria has agreed to an unprecedented visit from an Arab member of Israel's parliament, two days after Prime Minister Yitzhak Rabin of Israel said that such a visit would be a signal of change in Syria's attitude toward Israel.

Abdul Wahab Darawshe, who heads the Arab Democratic Party with two seats in the Israeli Knesset, said Syria had approved a visit by him to express condolences from Israeli Arabs to President Hafez Assad on the recent death of his son.

Mr. Darawshe, a prominent spokesman for Arab citizens of Israel, said the visit, while ceremonial, marks the first time that Syria has

agreed to accept an official visit from Israeli Arabs.

The only previous visits have been by members of the pro-Syrian Druze community on the Golan Heights, many of whom never accepted Israeli citizenship after Israel seized the Heights in 1967.

On Tuesday, Mr. Rabin, in a television interview, reiterated his long-standing complaint that Syria "is not doing what is necessary in order to truthfully demonstrate to the Israeli people that it has genuinely turned toward peace."

"I will give a small example," he said. "Darawshe wanted to go to Syria with a group of Israeli Arabs to express condolences to President Assad on the death of his son." Mr. Assad, he added, "did not respond positively."

"I think that if the Syrian government had answered positively, it would have been an expression of change in the attitude to Israel, even if the Israelis concerned were not Jewish."

"Darawshe was elected as a Knesset member, he represents the Knesset," Mr. Rabin said. "I think that Syria must do much more, both from the point of view of the level at which the negotiations are conducted, as well as that of demonstrating their shift toward peace with the Israeli people, apart from what is needed for the negotiations themselves."

Mr. Rabin said he did not expect that Mr. Assad would dare to do what Anwar Sadat, the late Egyptian president, did, and visit Jerusalem, "but there is still much more to be done in order to demonstrate the Syrian government's desire for peace."

Israel and Syria are engaged in bilateral talks in Washington, but Syria has rebuffed Israel's appeals to raise the level of the talks, or to conduct them through a secret channel.

Mr. Darawshe said the visit was not to conduct diplomacy and was not intended to advance the peace talks. He said it was arranged through the Egyptian foreign minister, Amr Moussa, and Egypt's ambassador to Israel.



Tonya Harding and Nancy Kerrigan passing each other during practice Thursday.

Stolen 'Scream': An Anti-Abortion Ploy?

By William Drozdiak

Washington Post Service

LILLEHAMMER, Norway — Norwegian anti-abortion activists hinted Thursday that they were involved in stealing Edward Munch's masterpiece "The Scream" and asserted that the painting would be returned if state television showed a film that depicts abortion as murder.

Beorre Knudsen, a former minister known for his theatrical protests against Scandinavia's liberal abortion laws, said the painting "might

surface again" if Norwegian state television would broadcast "The Silent Scream," which shows a fetus being sucked from a womb.

A spokesman for Norwegian television said the network had not received a demand to show the film. He said it would be "out of the question" to run the film under such conditions.

Mr. Knudsen has been a leading crusader among a small but vocal minority that is fighting to overturn Norway's abortion laws. Women here are permitted to have abortions until

the 12th week of pregnancy, and the state pays the medical costs.

Mr. Knudsen refrained from claiming responsibility for the theft or having direct knowledge of who might have committed the crime. The police said they were studying his comments.

"We simply can't be too open about this," Mr. Knudsen said in a radio interview. "We have sent a signal and we want this signal to be

See SCREAM, Page 4

Kiosk

Ex-Georgian Leader's Body Found

SENAKI, Georgia (Reuters) — Georgia confirmed the death of its ousted president, Zviad K. Gamsakhurdia, saying his body was dug up on Thursday from a grave in western Georgia for reburial in Russia.

A joint commission from Georgia and Russia's Chechnya region identified the partially decomposed body, which had a gunshot wound through the head. It was the first confirmation that Mr. Gamsakhurdia was dead. His widow announced early this year that he had committed suicide.

Mr. Gamsakhurdia, who had lived in exile in Chechnya since being overthrown in January 1992, waged an unsuccessful campaign to return to power last autumn.

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Newsstand Prices	
Andorra.....9.00 FF	Luxembourg 60 L. Fr
Antilles.....11.50 FF	Morocco.....12 Dh
Armenia.....1.400 CFA	Qatar.....8.00 Riels
Cameroun.....1.400 CFA	Réunion.....11.20 FF
Egypt.....E.P. 5000	Saudi Arabia 9.00 R.
France.....9.40 F.F.	Senegal.....920 CFA
Gabon.....360 CFA	Spain.....300 P.T.A.S.
Greece.....300 Dr.	Turkey.....1.000 Din
Ivory Coast 1.120 CFA	Turkmenistan 15,000 M.
Jordan.....1 JD	U.A.E.....8.50 Dirh
Lebanon.....US\$ 1.50	U.S. MIL (Eur.) \$1.10

Dow Jones		Trib Index	
Down	14.63	Down	0.01%
3,922.64		116.80	
The Dollar		The Pound	
New York	1.7222	London	1.477
DM	1.7222	Paris	1.477
Pound	1.48	Yen	104.20
Yen	104.20	FF	5.8645
FF	5.8645		5.8645

Tourism-Conscious Florida Goes All Out Against Crime

By William Booth

Washington Post Service

MIAMI — After seeing their state lead the nation in news of tourist slayings, Florida lawmakers are responding with get-tough proposals that include castrating rapists, executing 14-year-old murderers and making it illegal for criminals to complain about unusual punishment.

The proposals were made as sentiment grows across the country that something must be done about violent crime — even if it requires extraordinary steps. Congress, the administration and lawmakers in 30 states are calling for longer, tougher sentences, including provisions to imprison repeat offenders for life without parole.

But in the country's No. 1 tourist destination — where dreams of balmy beaches have been replaced by images of sociopathic thugs with 9mm semiautomatics — Florida legisla-

tors are positively consumed by the issue of violent crime. And so are the residents, who increasingly speak of fear, anger and the desire for vengeance, following a string of murders of foreign visitors.

"We are in a state of war and in a war, some unpleasant things need to be done, some radical things," said Mario Diaz-Balart, a Republican state senator.

According to a Mason Dixon Florida Poll earlier this month, more than 90 percent of Florida voters said they considered the state "very dangerous" or "somewhat dangerous." They agreed children as young as 13 should be tried as adults and, if found guilty of capital crimes, executed.

Among the more radical proposals that Mr. Diaz-Balart supports is a bill that calls for castrating rapists who are convicted twice of the crime. While it is still impossible to gauge the bill's chances for passage this early in the session,

at least 12 of the 40 senators have signed on as co-sponsors. "Call it what you want, it's good policy," said state Senator Robert Wexler, a Democrat and lawyer from Boca Raton, who introduced the legislation.

While he is undecided about the method that should be used to castrate rapists, he said, he is leaning away from surgery in favor of "chemical castration," using drugs to decrease sexual desire and suppress hormones.

State supreme courts in California and South Carolina have overturned similar measures.

Another Florida proposal would make it illegal for career criminals to sue the state for cruel and unusual punishment. "I think what we're seeing is a society that is tired of being frightened," said state Senator Mark Foley, a Republican from West Palm Beach. "When I talk about death penalty now, people start clapping."



Two Sarajevo residents on Thursday carrying sacks of waste paper that they will burn for heat as temperatures fall in the ravaged city.

Clinton Says Allies Are 'Dead Serious' About Air Strikes

Compiled by Our Staff From Dispatches

WASHINGTON — President Bill Clinton said Thursday that NATO was "dead serious" about launching air strikes if Bosnian Serbs defied a UN ultimatum, and the White House said its objective remained the same despite a last-minute Russian peacekeeping effort.

U.S. officials welcomed a reported Bosnian Serb pledge to withdraw their heavy weapons from around Sarajevo as "a positive step" and Mr. Clinton made clear that he hoped air strikes would not be necessary.

But the president and his aides were surprised by a Russian announcement that it was sending 400 peacekeeping troops from its United Nations contingent in Croatia to help oversee the Bosnian Serb withdrawal of artillery.

"This in no way changes the NATO objective," the White House spokeswoman, Dee Dee Myers, said of the Russian move. "We weren't notified in advance," she said, adding, "the Rus-

sians said they would do what they could to get the Serbs to comply. France reacted warily to the pledge by the Bosnian Serbs to pull back, warning them that they still face NATO air strikes unless they keep the promise.

Foreign Minister Alain Juppé was informed by his Russian counterpart, Andrei V. Kozirev, of the Serbs' agreement to withdraw their heavy weapons, Richard Duque, a Foreign Ministry spokesman, said. "We are waiting for this news to be confirmed and translated into action on the ground," Mr. Duque said.

Unidentified alliance sources in Brussels told Reuters that the North Atlantic Treaty Organization was standing firmly by its ultimatum.

"The message we want to get out is that the pressure will not be lifted," the source was quoted as saying. "NATO will wait and see if it is for real."

A NATO ultimatum for ending the siege of the Muslim-controlled Bosnian capital expires at midnight GMT Sunday.

A Pentagon spokeswoman, Kathleen deLaski, said there were still many weapons not under UN control. She would not say how many because of a UN request not to divulge numbers.

"We are encouraged, but we emphasize that we have a long way to go," she said. "We believe the Serbs and the Muslims can still meet the deadline and we urge them to do so."

Mr. Clinton told reporters: "The most important thing now is that the Serbs and the others in Bosnia understand that the NATO allies are dead serious about carrying this out, but that if the Serbs will move their weapons or put them under United Nations control, there will be no air strikes."

Underlining the seriousness of the threat, Defense Secretary William J. Perry will join defense ministers of four other countries involved in NATO air operations in Bosnia — Britain, France, Italy and the Netherlands — Sunday at Italy's Aviano air base.

The Pentagon said Mr. Perry would be accompanied by General John M. Shalikashvili, chairman of the Joint Chiefs of Staff.

Mr. Clinton said that what the allies are striving for is a permanent peace agreement to end the 22-month civil war in Bosnia among warring Serbs, Croats and Muslims.

He said he believed he had laid sufficient psychological groundwork to prepare the American people for the possibility that U.S. forces might be involved in aerial combat soon but added: "I'll continue to talk about it as we get closer."

Mr. Clinton said: "The American people, I think, understand what is at stake here, and understand our interest in not permitting Sarajevo to be shelled and hundreds of thousands of people's lives to be destroyed and working for a peaceful agreement."

"I have not committed ground troops to this conflict. I have said that we would participate in NATO air strikes, and I think it is the right thing to do."

Admiral Jeremy M. Borda, NATO's southern European commander, said the UN planned to place more NATO-trained forward air controllers on the ground in Sarajevo to keep air strikes on target. They could also direct any strikes against forces retreating against UN peacekeepers on the ground.

In Zagreb, the capital of Croatia, U.S. General George A. Joulwan, NATO's supreme commander in Europe, said Thursday that the Western alliance and UN had agreed in defining what "control" of Serbian guns around Sarajevo means.

"We are in agreement over the definition of control," General Joulwan, who is also commander in chief of U.S. forces in Europe, said after talks with Yugoslav President Slobodan Milosevic.

Mr. Alaski must give his final answer before NATO launches any strikes against targets in Bosnia.

Differences were reported to have emerged between NATO and UN peacekeepers in Sarajevo over ways of controlling or withdrawing the Serbian weapons. But General Joulwan and Mr. Alaski said NATO and the UN had no disagreements about the terms of the air strike ultimatum. (Reuters, AP)

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WORLD BRIEFS

Bogotá and Rebels Agree to Talks

BOGOTÁ (NYT) — In what may signal a new era of peace in the violent city of Medellín, the government and about 400 urban rebels have signed an agreement that could lead to a peace accord.

The pact calls on the rebels to give up their arms. At the same time, the government has promised to negotiate social and political benefits for the rebels and to guarantee their security while a peace pact is worked out.

For the past 10 years, Medellín has been the scene of violence as the Medellín drug cartel fought its enemies and the police, and gangs took over entire neighborhoods in the city's poverty-stricken foothills. Several years ago, rebel militias, many backed by leftist guerrilla factions, added to the violence by forming armed commando units that pledged to fight social and economic injustice and eliminate the gangs.

Separatist Chief Slain in Kashmir

NEW DELHI (AFP) — Indian troops killed a leading Muslim separatist guerrilla in Kashmir, triggering a protest strike in parts of the state, the Press Trust of India reported Thursday.

Ten others, including four suspected Muslim militants and an army soldier, died and 21 were wounded in separate clashes in the previous 24 hours, the news agency said.

Kashmiri Muslims staged a general strike Thursday after the slaying of Abdul Rashid Ishai, a provincial commander of the outlawed Hizbul Mujahideen group. In Doda district on Wednesday, the news agency said, Indian officials said Mr. Ishai was wanted for more than two dozen killings in Kashmir.

Senegal Bans Militant Muslim Group

DAKAR, Senegal (Reuters) — Senegal banned a radical Islamic movement on Thursday after five policemen and a civilian were killed in riots in the West African capital.

Thousands of armed demonstrators, some of them Islamic militants, joined a rally Wednesday protesting poverty and the policies of President Abdou Diouf. Dakar newspapers said the rally turned violent after a fiery and unscheduled speech by a leader of the Islamic militants.

The government banned a Muslim group called Moustachidine wal Moustachidine, which translates as Men and Women Who Fight for the Truth.

Khmer Rouge Flee Cambodia Assault

ANLONG VENG, Cambodia (Reuters) — Khmer Rouge defenders of this northern base fled with such haste to escape a government army assault that their one-legged commander, Ta Mok, left behind his artificial leg.

The capture of Anlong Veng has been hailed as the government's most important military success since the UN-organized elections in May. General Long Sopheap said Thursday: "More than 3,000 government soldiers now occupy the Khmer Rouge base, a former district seat 310 kilometers north of Phnom Penh."

"It is not only a big victory for our royal Cambodian armed forces but it is also a victory for the international community which has helped us," General Sopheap said. He said 135 Khmer Rouge were killed, 149 wounded and five captured. He added that 645 weapons had been captured along with 102 tons of ammunition. Ta Mok's artificial leg will be put on display in Phnom Penh.

For the Record

An Iraqi diplomat arrived in Tehran on Thursday on the highest-level Iraqi visit to Iran since the Gulf War, the official Iranian press agency, IRNA, said. Saad Abdul Majid Faisal, senior undersecretary at the Foreign Ministry, is to hold talks on the fate of the remaining prisoners of war from the Iran-Iraq war that ended in 1988. (Reuters)

TRAVEL UPDATE

Group Lists Risk Areas for Air Travel

WASHINGTON (Reuters) — An airline passenger group Wednesday identified several regions of the world it viewed as "dangerous" and urged air travelers to try to avoid them.

The International Airline Passengers Association listed China, South Korea, India, all nations in Central Africa and the former Soviet states as areas to avoid. In South America, it cited regional flights through the Andes and flights into, out of and within Colombia. The group said the danger areas included accidents, quality of air control, hijackings and airport and airline safety and security.

David Stamper, executive director of the association's Western Hemisphere office, said the list was published so the group's members could make informed decisions on where to travel. Most members live in areas where air traffic is very safe and may not realize the risks they face in other areas, he said.

Shots were fired at a Nile cruise boat carrying 17 tourists in southern Egypt, security sources said Thursday, but nobody was hurt. The Cairo government denied in a statement that the shooting constituted an attack, attributing it to farmers. (Reuters)

A Los Angeles cruise firm was fined for dumping trash in the Gulf of Alaska. The U.S. Coast Guard fined Princess Cruises \$25,000. (Reuters)

In an effort to combat crime in the U.S. Virgin Islands, St. Croix's largest retailers are taking toy guns off their shelves. The toy weapons include BB guns, pellet guns and water guns. (AP)

Satellite Navigation Net Takes Off for Airline Use

The Associated Press

WASHINGTON — A new navigation system using 24 satellites tells a pilot within inches where his plane is, often making it possible to land in poor weather instead of being diverted to other airports.

The Global Positioning System, developed by the Defense Department, is now available for civilian use. David Hinson, head of the Federal Aviation Administration, said Thursday.

Continental Airlines is already using the system for landings at Aspen, Colorado. It has made 158 landings there that would have had to be diverted because of weather or darkness.

The positioning system's 24 satellites, circling the world at an altitude of 11,000 miles (17,600 kilometers), send and receive signals from locators aboard aircraft.

By measuring how long it takes the radio signal to travel to a satellite and back, the system can tell a pilot how far he is from that satellite. The system and ground equipment can fix the position of a plane within inches by comparing signal time from four satellites.

Computers other than commercial airlines use the system. United Parcel Service, for example, is installing satellite equipment for use in its trucks and aircraft. Some automobile manufacturers have announced plans to offer the locators. And trucking firms also are interested.

Using the system will allow airplanes to take more direct routes and to fly closer together, Mr. Hinson said, which could result in savings of hundreds of millions of dollars in fuel alone each year.

He added that the United States is making good on a promise of former President Ronald Reagan to make the technology available to the rest of the world. Mr. Reagan made the offer in 1983 after Korean Airlines Flight 007 went off course and was shot down over the Soviet Union.

In Bosnian West, Tales of New Serbian Atrocities

By Chuck Sudetic

New York Times Service

BELGRADE — A new Serbian campaign of violence and intimidation is uprooting Muslims and Croats and forcing them from their homes in western Bosnia, United Nations officials and refugees say.

The officials and refugees, who arrived recently at a camp near the Croatian village of Gasinci, said that Bosnian Serbs in Banja Luka, where they are in the majority, were paying local Serbian civilian and military police to force Muslims and Croats to abandon their homes so they could take over their property.

The tactics include murder, beatings, bombings, rape and threats of rape, members of the group said. Local Serbian officials have also pressed several thousand Muslim men into work brigades, forcing them to dig front-line trenches, chop wood in mine fields and carry ammunition for the Bosnian Serbian forces.

"This is criminality on a huge scale," said Louis Gentile, former head of the office of the UN High Commissioner for Refugees in Banja Luka, western Bosnia's largest town. Serbian nationalists seized control of the town even before Bosnian Serbian militias began the military campaign against the Muslim-led Bosnian government in April 1992.

"It's absolutely sanctioned by local leaders," Mr. Gen-

tile said. "It's very well organized, and they try to keep it well hidden."

"On Jan. 31, I had a 13-year-old girl come into my office who had been raped by two men in uniform," Mr. Gentile said by telephone from Toronto. "Her father was so badly beaten that he didn't look human anymore. His hands were swollen up like giant clubs."

UN officials said that they could not give a precise estimate of the number of Muslims and Croats who had fled the Banja Luka region in recent weeks but that it was clearly in the hundreds. They estimated that 59,000 people, the overwhelming majority of them Muslims, remain at risk.

UN officials said that they could not give a precise estimate of the number of Muslims and Croats who had fled the Banja Luka region in recent weeks but that it was clearly in the hundreds. They estimated that 59,000 people, the overwhelming majority of them Muslims, remain at risk.

Mr. Gentile, who just completed his assignment in Banja Luka, said he was worried about what was happening there now that the United Nations has pulled out and the North Atlantic Treaty Organization is threatening air strikes to end the Serbian siege of Sarajevo, 145 kilometers (90 miles) southeast.

"Members of the minority communities always said that the United Nations presence in Banja Luka was a deterrent against the worst," he said. "With no one watching, God knows what the Serbs will do. And they blame the Muslims for everything."

Although the town of Banja Luka has long had a Serbian majority, many of the surrounding towns were

predominantly Muslim before the Serbian "ethnic cleansing" campaign began in May 1992. Early in the war, tens of thousands of Muslims and Croats were driven from their homes in western Bosnia and herded into concentration camps before Red Cross officials negotiated their release.

"Things have been getting progressively worse despite our protests," said Georgios Karatzoglou, a UN aid worker who left Banja Luka on Saturday with the last of the UN staff members there.

Mr. Karatzoglou said that at least a half-dozen people had been slain by Bosnian Serbs in the Banja Luka area in the last month, and that two Muslim women had been raped last week in nearby Prijedor.

"They don't want to kill people wholesale," the UN official said. "They use one or two murders as an example in each place so people decide to flee."

Mr. Karatzoglou said the local Serb-run Red Cross in Banja Luka, which has acted for months as an agency to rid the area of non-Serbs, was regularly organizing bus convoys that take 150 to 200 people a time to the front lines near the central Bosnian town of Travnik.

Mr. Karatzoglou said each refugee paid about \$120 for the 100-kilometer trip.

"People are disappearing at night," said a Muslim store clerk who arrived in Gasinci from Banja Luka two weeks ago. "People are being killed in front of their houses."

Croats Ignore Warning on Bosnia Troops, UN Says

By William E. Schmidt

New York Times Service

ZAGREB, Croatia — United Nations observers in Zagreb said Thursday that Croatia appeared to have made little effort to withdraw its regular army troops from neighboring Bosnia, despite a sharp UN warning two weeks ago to start pulling them out or run the risk of possible economic sanctions.

A senior United Nations official at the headquarters of the UN Protection Force for former Yugoslavia said that rather than withdrawing from Bosnia, regular Croatian soldiers may be deliberately masking their presence by stripping unit insignias from vehicles and uniforms, in order to appear to be irregular members of the Bosnian Croatian militia.

While the weight of UN and international action in recent days has focused on the threat of air strikes against Serbian gunners besieging Sarajevo, the United Nations findings may mark the first step in what could be a much tougher international posture toward the Croats.

On Feb. 3, the UN Security Council issued a sharply worded resolution condemning the presence of regular Croatian troops in Bosnia and requesting a report to the secretary-general by Thursday on "progress toward the complete and full withdrawal" of the Croatian forces from Bosnia.

[At the United Nations in New York, Secretary-General Butros Butros Ghali told the Security Council an estimated 5,000 regular Croatian Army troops might still be in Bosnia, Reuters reported. In a letter to the Security Council he said that the UN force in the former Yugoslavia had given him the estimate.]

Depending on the reaction to that report, the United Nations could begin to take steps to enforce measures against Croatia, including economic sanctions like those that were imposed on Serbia for its direct involvement in the fighting in Bosnia.

According to UN officials in Zagreb, the Croats have sent the estimated 5,000 troops across the border to aid their Croatian brethren in battling the Muslim-led Bosnian Army

in central Bosnia. The Bosnian government puts the figure much higher, accusing the Croats of mounting an all-out invasion with upwards of 20,000 troops.

According to the senior UN official in Zagreb, UN observers have identified Croatian soldiers belonging to eight different regular Croatian Army units operating inside Bosnia, although the troops are not operating as part of full Croatian brigades or directly under the control of Croatian command posts.

Although the Croatian government has acknowledged only that it has sent "volunteers" to fight on the side of Bosnian Croats, Foreign Minister Mate Granic of Croatia did offer last weekend to withdraw troops from border areas in Bosnia in exchange for UN guarantees for Croatian civilians caught in central Bosnia. The proposal was limited to areas near Mostar.

The United States has been especially critical of Croatian military involvement in Bosnia, a point that has been underscored repeatedly by Peter W. Galbraith, the U.S. ambassador to Croatia.

Speaking at a public forum in Zagreb on Thursday evening, Mr. Galbraith said Croatia was engaged in activities in Bosnia that served to undermine the international sympathy it deserved as a victim of Serbian aggression.

"How can Croatia expect the international community to support its demand for Serb withdrawal from Bosnia when its army is in the sovereign state of Bosnia and Herzegovina?" Mr. Galbraith asked.

About 30 percent of Croatian territory is presently occupied by Serbian-backed troops, as a result of fighting between Serbia and Croatia after the Yugoslav Federation broke up in 1991.

Until now, the government of President Franjo Tudjman has been under intense domestic pressure within Croatia to offer support to their Bosnian brethren. Croats make up the smallest proportion of the three ethnic groups — Croats, Serbs and Muslims — locked in a struggle over the multiethnic republic of Bosnia-Herzegovina.

Slovak Assembly Split on Election

Reuters

BRATISLAVA, Slovakia — Slovakia's parliament was plunged into disarray Thursday after the government and opposition failed in attempts to call early elections.

The National Council on Wednesday voted down Prime Minister Vladimir Meciar's call for June elections, two years ahead of schedule. His opponents said they planned a no-confidence vote against him, after they failed Thursday to set elections for November, highlighting splits in opposition ranks.

Opposition deputies had said they wanted fresh general elections in November rather than June so that the vote would coincide with local polls. But Mr. Meciar said he suspected his bid for June was defeated simply because the opposition wanted more time to work out a campaign platform and unify their divided ranks. The combined opposition now numbers 83 of the 150 votes in the council.

Six EU countries angered Greece in recent months by extending diplomatic recognition to Macedonia. The United States recognized it last week. (AP, Reuters)

Greece-Macedonia Frontier Slams Shut

Compiled by Our Staff From Dispatches

ATHENS — Border guards closed the frontier with Macedonia to most goods Thursday, beginning Greece's escalated campaign to press the former Yugoslav republic to change its name, flag and constitution.

Customs officials at Salonika, Greece's second-largest port, barred five cargo ships from loading or unloading goods during the day, the Greek-run Macedonia Press Agency reported.

It also said no trucks had crossed the border 70 kilometers (40 miles) north into the neighboring republic.

Officials in Salonika said they were awaiting instructions from the Finance Ministry in Athens on which goods could pass. But it has become clear that oil supplies are the main target of the embargo.

Angered by Western diplomatic recognition for Macedonia, Greece announced Wednesday that it was closing its consulate in the Macedonian capital, Skopje, and cutting off its landlocked northern neighbor's main trade route.

The action by Greece, a member of the European Union, drew a sharp response Thursday from EU headquarters in Brussels, where officials said Athens may have acted illegally by closing an external EU border without consulting its 11 partners.

Greece argues that Macedonia

has designs on its northern province, which also is called Macedonia, and says these claims are reflected in Macedonia's name and other symbols, which Athens says are historically Greek and must be changed.

Macedonia's government says it has no claims on northern Greece, which was split off from a broader Macedonian region during two wars early this century. It accused Greece of resorting to blackmail in their dispute.

Apostolos Yennitsaris, president of the Salonika Port Organization, said the loading and unloading of all ships with goods headed to and from Macedonia had stopped. He said all of Macedonia's fuel passed through Salonika.

Alternative routes through Albania and Bulgaria are longer and over poor roads.

The closing of the border with Macedonia is likely to lead to further friction with the EU. Greece, which holds the bloc's six-month

rotating presidency, did not inform fellow members before the announcement Wednesday.

"It is not good for the European construction and it is not good for the family spirit," a spokesman for European Commission said in Brussels. "We will ask for clarifications."

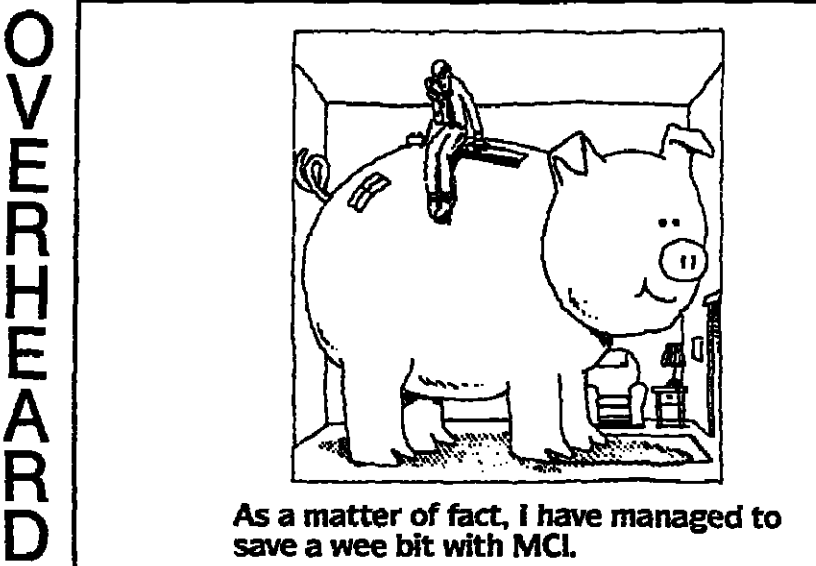
The commission reserved a formal position until after a Friday meeting of the foreign ministers of Belgium, Greece and Germany.

Privately, officials suggested that Greece acted illegally. A single EU state "cannot close off an external border of the union," said a Belgian diplomat. "Only the EU Council of Ministers can do that."

Many EU members were already irritated over pressure Greece had exerted to block diplomatic recognition of Macedonia.

Six EU countries angered Greece in recent months by extending diplomatic recognition to Macedonia. The United States recognized it last week. (AP, Reuters)

OVERHEARD



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THE AMERICAS / WHITEWATER

★ POLITICAL NOTES ★

Harried U.S. to Charge Asylum Seekers \$130

WASHINGTON — The Immigration and Naturalization Service has decided to charge people seeking political asylum a \$130 fee and delay issuing them work permits for 150 days in an effort to deter new applicants and cut the immense backlog of asylum claims, the agency's deputy commissioner has said.

The fees would make the United States the only nation in the world to seek an application fee from people who contend they are fleeing persecution in their homelands, according to the United Nations High Commissioner for Refugees.

The deputy immigration commissioner, Chris Sale, said current asylum procedures, which generally make it easy for immigrants to apply for asylum but place them in a legal no-man's-land awaiting hearings, were "encouraging people to abuse the system."

Meanwhile, the long delays in the system are "damaging the bona fide candidates" for protection under the asylum laws, Mr. Sale said.

The fledgling asylum corps now faces a backlog of 364,000 pending asylum applications. (NYT)

Legislator Thumbs His Nose at Term Limits

SACRAMENTO, California — When Californians voted in 1990 to limit the terms of their state legislators, one goal was to rid the government of the familiar faces who had been running things for years.

The most prominent, and most powerful, target was the speaker of the assembly, Willie L. Brown Jr., a 30-year member who has held the leadership job longer than anyone in state history.

But Mr. Brown vowed not to leave quietly when his time comes, in November 1996. Instead he is considering running for what will be a vacant state Senate seat from his base of San Francisco.

If elected, he may seek the Senate presidency with support from many of his assembly allies, who also hope to run for the Senate because of term limits.

"If I am elected to the Senate," Mr. Brown said, "I will not be a lame duck until the end of the century." By then, he added, he hopes that term limits will have been repealed. Assembly members can now have three two-year terms and senators and most state officeholders are restricted to two four-year terms. (NYT)

Clinton Caught on Health Care Hyperbole

WASHINGTON — President Bill Clinton oversold his health care plan to an audience of senior citizens, saying it was the only proposal to provide prescriptions for the elderly and other benefits.

There are a few major plans before the Congress now," Mr. Clinton said in a speech in Edison, New Jersey, on Wednesday. "Only one of them proposes to keep Medicare strong and makes it stronger; that's our proposal. Only one of them deals with long-term care and prescription drugs for the elderly — our proposal."

Not so fast, said Senator Paul Wellstone, a Minnesota Democrat who sponsored one of the other plans that Mr. Clinton referred to. Mr. Wellstone's bill also provides for long-term care and covers the cost of prescription drugs for senior citizens.

Mr. Clinton later said that he was wrong and that Mr. Wellstone's legislation does cover long-term care and prescriptions, a White House spokesman said. (AP)

Quote/Unquote

The first electronic mail communication between two heads of government began with a message from Prime Minister Carl Bildt of Sweden to President Clinton. It ran, in part: "Dear Bill, Apart from testing this connection on the global Internet system, I want to congratulate you on your decision to end the trade embargo on Vietnam." (Reuters)

Clintons' Arkansas Deals to Get Grand Jury Scrutiny

Compiled by Our Staff From Dispatches

LITTLE ROCK, Arkansas — Robert B. Fiske Jr., the independent counsel investigating the real estate investments of Bill and Hillary Rodham Clinton, has obtained an order to convene a special grand jury devoted solely to that case.

U.S. District Judge Stephen M. Reasoner ruled that such a grand jury should be impaneled because the panel now sitting in Little Rock is not prepared to continue long enough to hear the evidence in the Clintons' case.

The move underscores the considerable scope and length of the inquiry that the special counsel is preparing to undertake.

The investigation is anticipated to involve more than 1 million documents, 200 to 300 interviews and over 20 Federal Bureau of Investigation agents and other assistants. Judge Reasoner said in his order last Wednesday. "As such, the duties of any grand jury investigating this matter are much more extensive than the court had previously estimated."

Although Mr. Fiske has declined to estimate how long his investigation will last, he said in a brief telephone interview that he has rented an apartment in Little Rock for a year and expects to be finished by the time his lease is up. He said the three-year lease on his new offices here had been negotiated by the govern-

ment and meant nothing as far as the length of the investigation was concerned.

Mr. Fiske, a New York lawyer, was appointed last month by Attorney General Janet Reno and assigned to examine the investment President and Mrs. Clinton made as partners with James and Susan McDougal in a northwestern Arkansas real estate development project known as the Whitewater Development Co.

Among other things, Mr. Fiske is trying to determine whether the Clintons paid the appropriate taxes on their income from the project, whether federally guaranteed money from a savings and loan owned by Mr. McDougal was used for the project or found its way into Mr. Clinton's political campaign coffers, and whether Mr. Clinton used his position as governor of Arkansas to benefit Mr. McDougal or Whitewater.

President Clinton said Thursday that he had lost money in the Whitewater venture over a long period of time, characterizing it as a "simple straightforward thing" that would not turn into a Watergate-style scandal.

The president was asked in a radio interview how he had managed to lose \$69,000 in Whitewater while he was Arkansas governor, when his salary was just \$35,000 a year and his wife's salary as a lawyer was \$55,000.

"Because we lost it over a long period of time," he

said. "Most of it — the loss — was when we paid the bank loans back with interest, and we never got any money on the interest, so it happened over a long period of time."

In addition to Whitewater, the Fiske investigation will look into the question of whether Mrs. Clinton and her law firm violated any conflict-of-interest rules by first representing Mr. McDougal's savings and loan and later acting on behalf of the government after the thrift collapsed, leaving the taxpayers with a \$47 million debt.

Mr. Fiske said he expected that the new 23-member grand jury would sit more than the usual two or three days a month to examine evidence, take testimony and decide whether to indict people. The first step the grand jury is expected to take will be to issue subpoenas to important witnesses.

Mr. McDougal's firm, Madison Guaranty Savings and Loan, was taken over by government regulators in 1989.

Mr. Fiske and his staff will be investigating, among other things, whether Mr. McDougal's savings and loan improperly funneled money into Whitewater, a 230-acre (93-hectare) vacation home development along the White River in northern Arkansas, or into Mr. Clinton's campaigns when he was governor of Arkansas.

Mr. Fiske has already announced his intention to take sworn testimony from the Clintons, and prosecutors from his office are certain to be interviewing other officials at the White House and Justice Department.

With the investigation beginning to get into gear, other government officials said Thursday that Mr. Fiske had decided to open offices in Washington and New York in addition to the one here.

They said he had been seeking office space in Washington because many witnesses are there and because he will be looking into the circumstances surrounding the death of Vincent W. Foster Jr., the deputy White House counsel and longtime friend of the Clintons' who committed suicide last July.

At the time of Mr. Foster's death, papers concerning the Whitewater Development Co. were in his office in the West Wing of the White House. The files were never put on an inventory of Mr. Foster's office but were sent by the White House counsel, Bernard W. Nussbaum, to the Clintons' personal lawyer, David Kendall.

Early this week, Mr. Fiske's office served a subpoena seeking a wide range of documents on the Rose law firm in Little Rock, where Mrs. Clinton and several high-ranking administration officials, including Mr. Foster, were once senior partners. (NYT, WP, LAT, Reuters)

Clinton Plan Marks Shift on Homeless

By Jason DeParle

New York Times Service

WASHINGTON — A draft of the administration's plan to end homelessness says the problem is "far larger than commonly thought" and calls for spending large, although unspecified, new sums on housing, mental health and tax credit programs.

The plan, which was ordered last spring by President Bill Clinton and drafted by an interagency group headed by three cabinet secretaries, represents a departure from a 12-year standoff between advocates and government officials about the scope and cause of homelessness.

If the draft is endorsed by Mr. Clinton, it would mark the first time the government has called homelessness a large-scale problem that demands a large federal response.

In what advocates had called an effort to minimize the scope of the problem, Republican administrations had said that about 600,000 Americans were homeless on any given night, with the majority suffering from drugs, drink or mental illness.

The administration's report, by contrast, endorses recent estimates that as many as seven million Americans were homeless at some point in the late 1980s.

And while it agrees that drugs and mental illness are common among the homeless, the report also argues that poverty, racism and past budget cuts are pushing many families into the ranks of the dispossessed.

"Homelessness has become a structural problem in America: chronic, continuous, large scale, complex," said Henry G. Cisneros, secretary of housing and urban development, who is chairman of the group that drafted the plan.

The report is under review by the Office of Management and Budget and other White House officials, who may revise it before passing it on to the president.



FREED BY MEXICAN REBELS — Absalon Castellanos, former Chiapas state governor, shaking hands with a Red Cross envoy, right, after Zapatistas released him from captivity. On Thursday, the government said talks with insurgents would begin Monday.

Manners Also Fall Victim of L.A. Quake

By Maria L. La Ganga

Los Angeles Times Service

LOS ANGELES — It's all right to turn the freeway shoulder into an extra lane and whiz by more polite commuters. It's all right to ignore a long line for an off-ramp, then race ahead and try to jam into the lane at the last minute.

When crowding into a commuter train, don't bother waiting for others to disembark first. Go ahead and board first. Red Cross workers are required to feed all takers on a first-come-first-served basis, so no one will stop you.

But do not snore in a crowded disaster shelter. If your neighbor snores, don't wake him up; the racket means at least someone's getting some rest. And, for heaven's sake, hold off on the sexual activity when your 130 roommates are trying to sleep.

These are the new rules as Southern Californians are rewriting them, the revamped codes and social contracts that are smoothing the days and nights in postquake Los Angeles.

Everything has changed since Jan. 17, thanks to a 6.8 tremor that tore the region's fragile social fabric to pieces.

Except for the occasional flash of grace or compassion, it's everyone for himself, as the area digs out from under the rubble and attempts to carry on.

There are fights in emergency assistance lines, fraud in food stamp transactions, drivers hog the car-pool lanes, tailgating is no longer just a sport for the busy BMW driver but a way of life for the masses.

"No one but no one has recovered from the quake," said Lilli Friedland, a psychologist and member of the Los Angeles County Psychological Association's disaster response team. "It's the worst that it's ever been."

She added: "We're talking about a survival level here, and people at a survival level have a real problem bringing their most courteous selves forward."

But the behavior played out in lines and on freeways is more than just a lapse of good manners. The basic social codes that kept

much of Southern California functioning as a community have been sacrificed to fear.

The bad behavior that has replaced the former ethos has one goal, says Kirk Murphy, associate physician at the University of California, Los Angeles Neuropsychiatric Institute and Hospital: "averting loss in one's own immediate sphere." That most likely will be the law of the land until freeways are mended, jobs return and anxiety levels recede.

Because breaking the unwritten rules of social intercourse carries no jail sentence or tangible fine, "we very much underestimate how pervasive those rules are," says Jerry Jellison, a psychologist and professor at the University of Southern California.

Times of "natural disaster, scarcity and threat, war, civil unrest" cause normal rules to be thrown out the window, Dr. Jellison says, and cause societies to struggle with the rewriting process.

How long it will take for the pressure to ease and behavior to return to normal is anyone's guess.

Moscow Opens Door to U.S. Drug Firms

By Philip J. Hilts

New York Times Service

WASHINGTON — Russia has agreed to allow the sale of virtually all drugs made in the United States and approved by the Food and Drug Administration, the Clinton administration has announced.

The agreement, which takes effect immediately, was described by the Food and Drug Administration as the first in which any country has formally agreed to rely so heavily on another to insure that drugs sold within its borders are safe and effective.

Any prescription or nonprescription drug made in the United States and approved by the drug agency now or in the future will be assured of approval within 90 days in Russia. "Pharmaceutical companies would simply be required to give the Russian Health Ministry documentation of the approval."

Dr. Mary K. Pendergast, the agency's deputy commissioner who led negotiations with the Russians over the last year, said important medicines like antibiotics and insulin were in extremely short supply

in Russia and that American companies were ready to apply soon to ship those drugs.

The agreement is also expected to be a boon for American drug companies trying to enter the Russian market, particularly if Russia can stabilize its economy.

Russia buys \$300 million to \$400 million worth of foreign drugs annually in a poorly supplied and chaotic marketplace, U.S. officials said, and American drugs account for only \$7 million of that. France and Italy each have total drug markets of about \$12 billion annually, the industry says. The United States market is \$58 billion annually.

Richard R. Saul, assistant vice president for Europe at the Pharmaceutical Manufacturers Association here, said the market in Russia had been very unstable and frustrating for years.

"But potentially it could be large," Mr. Saul said. "Companies view this as a very long-term investment, and the prize in the end is a share of a big market."

Under the previous system in

Russia, companies had to submit data in Russian translation on all chemical, animal and human tests, duplicate the human experiments inside Russia, and submit the entire package to committees in the Health Ministry.

The process was expensive and took years, and the outcomes were unpredictable. Of thousands of drugs approved by the Food and Drug Administration, 40 have been approved for sale in Russia.

But beginning this week, Dr. Pendergast said, the Health Ministry has agreed to approve U.S.-made and federally approved drugs within 90 days of the submission of a basic description of the drug and its action, a copy of the official approval letter, and the latest federal inspection reports from the manufacturer.

The Food and Drug Administration is trying to devise a way to inform the Russians by computer about problems that arise with drugs it has approved. Dr. Pendergast said that Russia had little civil, property or contract law and that

questions about liability had not been resolved.

In Moscow, officials of U.S. pharmaceutical companies active in the country welcomed the pact. But some business people who have run the gamut of the Health Ministry expressed skepticism that the agreement could cut through a bureaucracy hampered by a lack of computers.

"I think it is a healthy step, because until now it has been very, very hard to understand the registration system," said Sergei A. Tsvetkov, a partner in Samrite U.S.A., which holds distribution rights here for Rugby Laboratories Inc., a maker of generic drugs in Rockville, Md. "I think the policy in place regarding the financing of clinical trials, particularly with breast cancer, were deliberate and very thoughtful."

In November 1990, Blue Cross instituted a special program in which its affiliates could voluntarily pay for breast cancer patients in the federal bone marrow transplant study. Ms. Gleason said. About half joined the program. But Blue Cross does not, in general, pay for experimental treatments, she said.

"The reason this comes to a head in bone marrow transplants is that it is very, very expensive," Dr. Rogers said. "But this is a problem that crosses many, many other lines."

Will Insurance Pay For Clinical Trials?

By Gina Kolata

New York Times Service

NEW YORK — Insurance companies have acted in an "arbitrary and capricious" way in deciding whether to pay for treatment of breast cancer patients who are participating in a study of an experimental therapy, researchers say.

Dr. William Peters and Dr. Mark Rogers of Duke University report that about a quarter of insurance companies refused to pay for women to have bone marrow transplants and high-dose chemotherapy as part of a federally sponsored clinical trial.

The doctors say that in some cases the same company turned down one patient's claim and granted another's, although there was no apparent medical distinction between the two patients. And they say that patients who brought in a lawyer were likely to get what they wanted. Their study on insurance company practices was published Thursday in The New England Journal of Medicine.

Insurance companies and their consultants objected to this characterization of their decisions.

"I really strongly disagree with that," said Susan Gleason, executive director of medicine and quality management at Blue Cross and Blue Shield's national headquarters in Chicago. "I think the policies in place regarding the financing of clinical trials, particularly with breast cancer, were deliberate and very thoughtful."

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Dr. Peters and Dr. Rogers reported in the medical journal that 71 percent of the 533 women who wanted to enter their study of bone marrow transplants and high-dose chemotherapy for advanced breast cancer got assurances from their health insurance companies that the companies would pay.

Of the 121 who were told they would be denied payment, 62 had the transplant anyway. Thirty-nine of them later managed to persuade their insurance companies to reverse the decision not to pay, and half of them did this after getting a lawyer and threatening to sue.

Ms. Gleason, however, said that during the five years that the study was under way, insurers were reassessing their decisions to refuse coverage for bone marrow transplants.

Although Dr. Peters described bone marrow transplants as a therapy that "has begun to show clinical promise," in fact the study is being done to see if it is any better than conventional chemotherapy.

"It's clear that this test is experimental," Dr. Eddy said. "That's why they're doing the trials." And, he added, virtually every insurance company's contract says it will not pay for experimental treatments.

U.S. Diplomat Refuses Drunken Driving Test

The Associated Press

HELSINKI — A U.S. diplomat driving twice the speed limit in a Helsinki suburb was pulled over by officers, but refused to take an alcohol test or explain his actions, the police said Thursday.

"We cannot be sure, but we think he had been drinking," said Police Chief Inspector Unto Anttila. "His car smelled of alcohol." The police prevented him from driving away for 90 minutes until U.S. Embassy officials arrived and drove off with the car and its occupant, he said.

Away From Politics

• Prospective jurors were asked their views on the death penalty and shown gruesome crime photos Wednesday as lawyers in Gainesville, Florida, began picking a panel to recommend either life in prison or electrocution for a man who killed five college students. Danny Rolling, 39, admitted in court that he killed the five students in 1980.

• The parents of a 2-year-old boy who died after eating a contaminated hamburger at a Jack in the Box restaurant have settled their lawsuit for \$1.3 million. Michael Nole of Tacoma, Washington, was one of four children whose deaths last winter were blamed on a type of E. coli bacteria traced to contaminated hamburgers at the fast-food restaurant chain.

• Pesticide spraying began in Corona, California, after the city lost a court battle to ban aerial spraying against the Mediterranean fruit fly. City officials contended the spraying was a risk to residents.

• Defense lawyers in San Antonio, Texas, began presenting their case in the murder and conspiracy trial of 11 Branch Davidians by playing a tape of a phone call from a panicked cult member to a 911 emergency line as federal agents stormed the sect's compound last Feb. 28. With gunfire crackling in the background, a sect member, Wayne Martin, is heard shouting: "There's 75 men around our building and they're shooting at us! Tell 'em there's children and women in here and to call it off!"

• A man accused of being an organized-crime figure who dominated Long Island's private garbage-collection business agreed to plead guilty to conspiring to murder two men who had fought Mafia influence in the business, according to his lawyer. The defendant, Salvatore Avellino Jr., 58, agreed to plead guilty to murder conspiracy and racketeering charges in return for dismissal of other charges. (AP, NYT)

Ex-Treasurer Enters Guilty Plea in Tax Case

The Associated Press

WASHINGTON — The former treasurer of the United States, Catalina Vasquez Villalpando, has agreed to plead guilty to evading more than \$47,000 in U.S. income tax, obstructing justice and conspiring to conceal her continuing financial links to her former employer, officials said Thursday.

Mrs. Villalpando served as treasurer from December 1989 to January 1993. Her signature appears on U.S. paper money printed during that time. The Justice Department said that for 1989, she reported taxable income of \$161,983 while her real taxable income was \$329,884, thus evading \$47,013 in taxes.

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Europe Moves to Play Catch-Up in Asia

By Tom Buerkle

BRUSSELS — Two days after the U.S.-Japanese trade talks collapsed in failure, Koichiro Matsuura, Japan's deputy foreign minister for economic affairs, arrived here to brief European officials on the outcome.

The scenario was routine, but its symbolism — Europe as a bystander to the relationship between the United States and the booming economies of Asia — is a cause of growing concern here.

European officials are starting to fight back, aiming to raise their profile in Asia to capture a share of the world's most dynamic and fastest-growing market.

Chancellor Helmut Kohl of Germany set the pace in November, identifying Asia as Germany's top

foreign policy priority and leading senior industrialists on a shopping tour of China. Sir Leon Brittan, the European Union trade chief, will visit China later this month and on Thursday launched an EU campaign to promote exports to Japan.

"It's about time we focused on Asia," Sir Leon said in an interview.

But the efforts won't produce a coherent European policy toward Asia anytime soon, diplomats and analysts say.

Europe remains divided: The free-trade, export-oriented countries such as Britain and Germany consider an Asian role imperative to their ability to compete, but France and other Mediterranean countries have few historical ties to Asia and regard its upsurge as a threat to their prosperity, said André Sapir, head of the Institute of Europe-

an Studies at Brussels Free University.

And most of Europe remains preoccupied with the bloc's internal development and with instability on its eastern and southern borders, Mr. Sapir added.

"There is no policy toward Asia," he said.

Even if Europe can agree on its economic interest in Asia, its lack of deep political and diplomatic links in the region, with the exception of Britain's presence in Hong Kong, is a barrier to greater trade, said Richard Grant of the Royal Institute of International Affairs in London.

"Europe has to build political ties if it is serious about establishing long-term, stable relations in the region," Mr. Grant said.

Economic and strategic interests

are forcing Europe to take a new look at Asia. East Asia now accounts for a third of world economic output, more than either Europe or North America, and by some estimates China will have the largest single economy if it can sustain 10 percent growth to the end of the decade.

Europe also fears being left behind as Washington turns its attention increasingly toward the Pacific, a fear that persists despite President Bill Clinton's profession of interest in Europe here last month.

Mr. Kohl's trip to China was clearly a reaction to the November summit meeting of the Asia-Pacific Economic Cooperation forum in Seattle, Washington, said Angelika Volle at the German Society for Foreign Affairs in Bonn. "The Germans didn't want to be left on the sidelines," she said.

Sir Leon said fears that the United States would turn the Asia-Pacific group into a free-trade zone excluding Europe have been eliminated by the completion of the Uruguay Round of the global trade agreement. But Europe still doesn't want to be left out. In a meeting with Indonesia's trade minister in Brussels on Monday, Sir Leon renewed an EU demand for observer status at the next Asia-Pacific summit meeting in Indonesia later this year, a demand that was rejected at Seattle.

Asian countries complain of European neglect, both governmental and industrial, but say they are ready for deeper ties.

Mr. Matsuura said Japan needed strong ties with Europe more than ever in light of the failed trade talks with the United States and Washington's threat to retaliate with tough trade sanctions. "Europe and Japan have a common interest in seeking to contain U.S. unilateralism," he said.

Europe is missing out on the boom in the Association of South East Asian Nations because its economic accord with that group dates from 1980 and is geared toward aid and trade preferences for basic goods, said Adriaan Mooy, Indonesia's ambassador to the European Union. The EU is "more concerned about trade and investment" to foster the growth of electronics and capital-goods industries, he said.

For now, however, much of Europe remains too inward-looking to meet the challenge of Asia with a common purpose.

A French diplomat said bluntly that he didn't "believe in Asia" as a focus of European policy. Europe's historical role in the region is marginal, he said, and its most urgent challenges are in its own backyard: the need to stop the fighting in Yugoslavia and project stability to Eastern Europe, the Middle East and North Africa.



Nelson Mandela and Prime Minister Ruud Lubbers of the Netherlands taking questions outside Mr. Lubbers's residence in The Hague on Thursday. Mr. Mandela is on a two-day visit to Holland.

ANC Offer Rejected as 'Hypocrisy' By Inkatha

By Paul Taylor

JOHANNESBURG — The leader of the Inkatha Freedom Party, Chief Mangosuthu Buthelezi, said Thursday that his party would stick to its boycott of South Africa's April election despite a package of concessions offered by Nelson Mandela to induce his participation.

A leader of a second boycotting party, the Afrikaner Volksfront, also voiced doubts that his group would be swayed by the new proposals. He said the compromise package did not meet the demand of hard-line Afrikaners for their own separate ethnic state.

The rejections mean that South Africa's first all-race election on April 26, 27 and 28 will be waged without the participation of the two parties that most militantly oppose the African National Congress government that is expected to come to power as a result of the vote. It raises the risk of destabilization during the campaign, and legitimacy challenges and secessionist moves afterward.

Chief Buthelezi, in a harshly worded reaction, demanded the compromise put forth by the ANC and the white-minority government as a public relations gimmick.

"What utter hypocrisy," Chief Buthelezi, who is also chief minister of the homeland of KwaZulu, said of the offer. "Mr. Mandela's statement amounts to no more than cheap politicking on life-and-death issues."

The package unveiled by Mr. Mandela, the ANC leader, includes amendments to a new interim constitution that would strengthen regional powers, provide for a separate ballot for national and regional parliaments, assure symbolic status for the Zulu monarchy, change the name of the province of Natal to KwaZulu/Natal, and adopt a constitutional principle that would force the next government to explore ways to accommodate the desire for self-determination of any ethnic group in the country.

The ANC and the government have said that all of the proposals will be adopted by a special session of Parliament to be convened early next month, even if the outside parties do not choose to join the election.

A third boycotting group, the homeland government of Bophuthatswana, had no official reaction to the package Thursday, but offered some encouraging signals. It is scheduled to meet with the ANC later in the week to discuss its possible participation in the election.

The Afrikaner Volksfront co-leader, Constand Viljoen, who is considered the most pro-election figure in his organization, expressed doubt Wednesday night that the new proposal really guaranteed a separate state for Afrikaners, and said, "We will not be appeased by anything less."

Chief Buthelezi's position is the most difficult to fathom because, as a top Democratic Party negotiator pointed out Wednesday night, the government-ANC package is "very close indeed" to a package that Inkatha itself put on the table in December.

Now Chief Buthelezi is focusing on the fact that the new government would still have the power to rewrite the interim constitution, without sufficient blocking mechanisms for minority interests.

His bargaining stance has been one of constantly shifting goalsposts — strengthening the impression that he does not really want to contest the election. He has suffered a precipitous decline in public opinion surveys over the past year, as his negotiating alliance with white rightists has cost him support among his black base. Most political analysts now believe he could not even win his home region of Natal.

Even without the participation of Inkatha and the Afrikaner Volksfront, the government and the ANC hope that by having shown a good-faith effort to draw them in, they will be in a better position to use force to contain whatever acts of sabotage the spoilers may throw up in the way of the election.

TRADE: Hosokawa Seeks to Placate U.S. on Trade

Continued from Page 1

sokawa may soon send another special envoy to Washington to explain what he is doing.

Finance ministers from the Group of Seven industrialized nations meet on Feb. 26 in Frankfurt, and the presumption is that Japan would like to have the outlines of a plan ready by then.

The central irony of Thursday's events is that Mr. Hosokawa was forced to turn to his ideas to the very men whom Washington views as the source of the problem: Japan's elite bureaucrats. Policy is still being controlled by this conservative bureaucracy, which has opposed the kind of large-scale changes Mr. Clinton is talking about.

On Thursday, one of those top bureaucrats, Koichiro Matsuura, the deputy minister for foreign affairs, expressed disappointment that Mr. Clinton did not accept an offer the Japanese made last week to resolve several issues "on which

we were very close" and produce a compromise in which some market openings would be announced and others deferred for later talks. But Mr. Clinton's team refused to accept any deal that did not include specific pledges for measurable progress in reducing the trade deficit.

Mr. Matsuura said that he still saw an enormous gap between Mr. Clinton and Mr. Hosokawa's views about the depth of the trade problem.

"President Clinton said that the past 30 trade agreements between Japan and the United States have not achieved their objectives," Mr. Matsuura said. "My prime minister pointed out a number of successes." He ticked off a few, from procurement of more telecommunications equipment to beef and other items.

"I say bilateral imbalances are not caused by the failure of these agreements," he said. "It is unfortunate that Japan and the U.S. can-

not have a common perception of the causes of the bilateral trade issues."

When Mr. Hosokawa first returned here on Sunday night, he was riding high in the Japanese media. Newspapers hailed his willingness to stand up to Mr. Clinton over a matter of principle: America's seeming desire to manage its trade with Japan. The Yomiuri Shimbun, Japan's largest national daily, castigated the U.S. trade representative, Mickey Kantor, saying that Japan would "have little hope of winning the trial because the prosecutor is also the judge."

Now the sudden rise of the yen, along with Mr. Clinton's comments Wednesday that he would be reviewing a series of options for further retaliatory steps, has begun to rattle confidence. One evening newscast here said that Mr. Hosokawa "must be slowly realizing now what his decisions have cost."

Certainly, that message was resonating through the prime minister's office. Mr. Matsuura, on the way to see the prime minister, said that "we are more than prepared to take further market-opening measures."

The problem is that Mr. Hosokawa lacks the power to bring about the kind of openings Washington is talking about. He can tinker around the edges of the economy, but none of his proposals, especially in government procurement and areas like insurance, seems bound to take a big slice out of the trade gap. In the most important area, automobiles, Nobuo Matsunaga, the former Japanese ambassador to Washington, said Thursday that the government was almost powerless.

"We can make some recommendations to the auto companies for some 'voluntary' measures," he said. "That is all."

RATES: Bundesbank's New Move

Continued from Page 1

ating with employers in the country's key automotive and engineering sectors for a new contract.

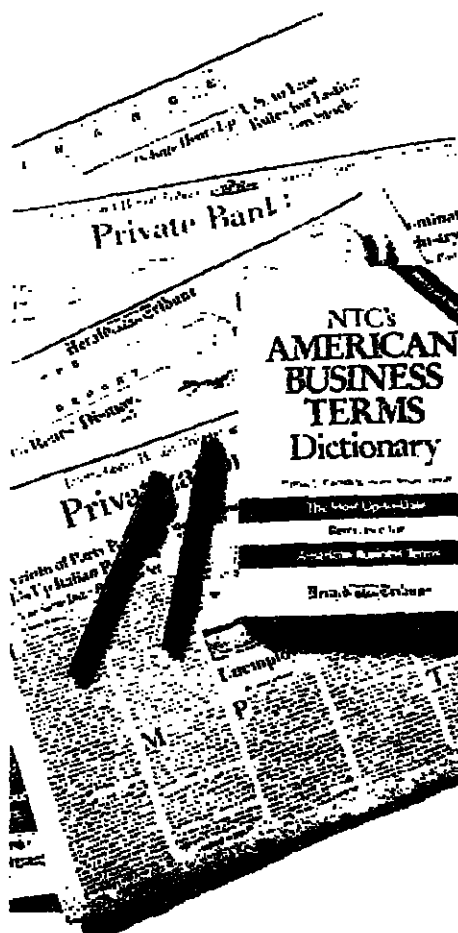
The Bundesbank also remains concerned about underlying high growth in money supply, its most reliable barometer of future inflation, which overshot its target last year. "The overhang that arose from rapid growth in money supply at the end of last year has been a burden at the start of this year," the Bundesbank said in a brief statement Thursday.

But it also noted that German monetary policy is focused on its target for the full year, which was set to hold in a range between 4 percent and 6 percent, and "can therefore tolerate temporary disturbances."

Germany's Federation of Public Banks called the Thursday action "a brave step" because of the mark's apparent weakness, but said it was a "step in the right direction given the unsatisfactory economic situation."

The German economy shrank in the fourth quarter after growing in the second and third quarters of 1993, leading many economists to talk openly of a "double-dip" recession.

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SCREAM: Anti-Abortion Play?

Continued from Page 1

understood, but we must be very secretive about it."

Asked if he would be willing to steal the painting in order to publicize his anti-abortion campaign, Mr. Knudsen replied, "Yes, absolutely." But when pressed by the interviewer to say whether he or his supporters were involved in the theft, he replied, "no comment."

The painting shows the ghostly outline of a woman with a terrified expression, as she stands on a bridge clutching at her face. It is perhaps the most renowned work by Norway's greatest artist. The haunting image has become an emblem here in anti-abortion literature.

The painting was stolen from Oslo's National Gallery on Saturday, the opening day of the Lillehammer Olympics. Two people climbed a ladder and smashed a window, then grabbed the 1893 painting and fled before the police arrived.

Two days earlier, a local radio station received an anonymous fax

that portrayed a woman's fist clutching a screaming fetus. A faint reproduction of "The Scream" was in the background. "Which is of greater value, a child or a painting?" the message asked.

The same day, the Norwegian police refused to allow 12 American anti-abortion activists into the country on the grounds that they were "suspected of planning to commit criminal offenses," said Petter Parneemann, assistant police chief.

Mr. Knudsen and Ludvig Nessa, another former minister, were defrocked by the state Lutheran Church for refusing to carry out their clerical obligations in protest against Norway's abortion laws. Both men have often traveled around Norway with fetus-sized dolls draped in keachup. The police said Mr. Knudsen was briefly detained Saturday while driving toward Lillehammer with similar dolls, which they suspected were to be used in a demonstration to disrupt the inaugural ceremony of the Olympics.

SERBS: Vow on Deadline

Continued from Page 1

more than 130 of whom have been prowling the hills around Sarajevo since the cease-fire went into effect last week — said they believed a good portion of the guns were heading toward Sokolac and from there to Olovo, a strategic Muslim-held town that controls access to Tuzla, the largest Muslim-held region in Bosnia.

In an interview earlier this week, General Rose acknowledged the possibility that successful demilitarization of Sarajevo could result simply in "moving the war elsewhere."

Rejection in Bosnia Bosnia's vice president, Ejup Ganic, rejected any deployment of Russian UN troops. "As you know the Russians are not neutral in the case of Bosnia-Herzegovina," he said. "They didn't go along with this NATO peace process. We're certainly not welcoming Russians to guard Serbian weapons."

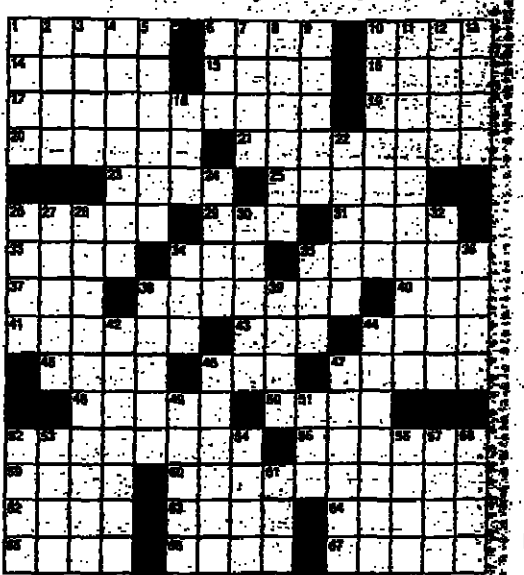
CROSSWORD

© New York Times Edited by Will Shortz

- ACROSS**
- 1 Suit
 - 8 Bit of smoke
 - 10 — scratch
 - 14 Town near Bangor
 - 15 "The _____" (himself)
 - 16 Good enough to eat
 - 17 One —
 - 19 Gray's sub
 - 20 Deserve
 - 21 Go all-out
 - 23 Washington story, maybe
 - 25 Remembrance of things past
 - 26 Easier to count
 - 28 Turn-of-century Secretary of State
 - 31 Fleeces
 - 34 U.C.L.A. rival
 - 35 Knocked, in a way
 - 37 She raised Cain
 - 38 One's tie in an 1882 battle
 - 40 1951 Johnnie Ray hit

- DOWN**
- 41 Disk spinner
 - 43 Exceptional word?
 - 44 Deliberate
 - 45 Vending machine part
 - 46 Stewed
 - 47 Firedamps
 - 48 Name in robotics
 - 50 Over
 - 52 Dinner afresco
 - 53 Fancy-coiffed bird
 - 55 Nobel
 - 56 Two —
 - 58 The L of L-dopa
 - 59 Scads
 - 64 — up (relented)
 - 66 From the top
 - 68 Popular source of quotes, for short
 - 69 Sans élan

- ACROSS**
- 5 Rock
 - 6 Dorothy Parker, D.G.
 - 7 G. & S. princess and others
 - 9 Doorstopper?
 - 10 Army chaplain
 - 11 Box label
 - 12 Three —
 - 14 Type of glass
 - 15 Dish (out)
 - 16 Main
 - 18 Worrier's risk, so they say
 - 19 Turkish for "ruler"
 - 20 Oscar-winning film director
 - 21 Zensuwan
 - 22 Runoff site
 - 23 Four —
 - 24 Convenient story
 - 25 In itself
 - 26 Not 100% open
 - 27 Make a memo of
 - 28 Aide in disguise
 - 29 Photo choice
 - 30 Baffled put-on
 - 31 Mr. Averag
 - 32 Sports legend of 1920
 - 33 With trumpets abate



Solution to Puzzle of Feb. 17

ACROSS
1 SUIT
8 BIT OF SMOKE
10 SCRATCH
14 TOWN NEAR BANGOR
15 "THE HIMSELF"
16 GOOD ENOUGH TO EAT
17 ONE
19 GRAY'S SUB
20 DESERVE
21 GO ALL-OUT
23 WASHINGTON STORY, MAYBE
25 REMEMBRANCE OF THINGS PAST
26 EASIER TO COUNT
28 TURN-OF-CENTURY SECRETARY OF STATE
31 FLEECES
34 U.C.L.A. RIVAL
35 KNOCKED, IN A WAY
37 SHE RAISED CAIN
38 ONE'S TIE IN AN 1882 BATTLE
40 1951 JOHNNIE RAY HIT
41 DISK SPINNER
43 EXCEPTIONAL WORD?
44 DELIBERATE
45 VENDING MACHINE PART
46 STEWED
47 FIREDAMPS
48 NAME IN ROBOTICS
50 OVER
52 DINNER AFRESCO
53 FANCY-COIFFED BIRD
55 NOBEL
56 TWO
58 THE L OF L-DOPA
59 SCADS
64 UP (RELENTED)
66 FROM THE TOP
68 POPULAR SOURCE OF QUOTES, FOR SHORT
69 SANS ÉLAN
70 DOWN
1 BREATHING'S BIRTHPLACE
2 SPOOKY WATERWAY?
3 80-DAY TRAVELER
4 GULF
5 ROCK
6 DOROTHY PARKER, D.G.
7 G. & S. PRINCESS AND OTHERS
9 DOORSTOPPER?
10 ARMY CHAPLAIN
11 BOX LABEL
12 THREE
14 TYPE OF GLASS
15 DISH (OUT)
16 MAIN
18 WORRIER'S RISK, SO THEY SAY
19 TURKISH FOR "RULER"
20 OSCAR-WINNING FILM DIRECTOR
21 ZENSUWAN
22 RUNOFF SITE
23 FOUR
24 CONVENIENT STORY
25 IN ITSELF
26 NOT 100% OPEN
27 MAKE A MEMO OF
28 AIDE IN DISGUISE
29 PHOTO CHOICE
30 BAFFLED PUT-ON
31 MR. AVERAGE
32 SPORTS LEGEND OF 1920
33 WITH TRUMPETS ABATE
34 GYMNASTICS
35 CROUCH VAMPYRE
36 "I AGREE!"
37 INFLATABLE TIE
38 BOUQUET
39 HEAVILY CHARGED CITY OF W.V. IS
40 SWIFT
41 SOUTHERN SUMMER

Inspectors Waiting For Visas

UN Wants Action By North Korea

Compiled by Our Staff From Dispatches

VIENNA — The International Atomic Energy Agency said Thursday that North Korea had not yet issued visas for United Nations inspectors but hoped they would be supplied by the weekend.

An international crisis was averted Tuesday when North Korea agreed to let UN experts visit seven declared nuclear sites, ending a year's standoff.

Referring to the inspectors, an agency official said: "We would like them to be on site by next Tuesday. We hope the visas will arrive by Saturday morning."

He added that the agency's governing body, which meets for three days next week, would be more assured if the inspectors had left before they gathered. The board of governors, representing 35 nations of the 120-member watchdog unit, including the United States and China, had been expected to refer North Korea to the Security Council for possible economic sanctions if it had not agreed to inspections.

China on Thursday welcomed North Korea's pledge to allow inspections.

A U.S. State Department spokeswoman, Christine Shelly, said American officials had made a direct appeal to North Korean authorities to allow inspections as soon as possible.

The North Koreans have agreed to allow inspectors to make tests and check seals at the seven plants but made no reference to two suspected secret plants at Yongbyon, 100 kilometers north of Pyongyang, where some Western governments fear North Korea is developing a nuclear bomb.

The atomic energy agency said inspectors would visit Yongbyon to check a 5-megawatt nuclear reactor, a fuel-rod fabrication plant and a fuel reprocessing unit.

The inspections will also include a 50-megawatt power plant under construction and an old Soviet-designed research reactor also at Yongbyon, but it was unlikely the experts would be allowed anywhere near the two suspect plants nearby.

South Korean officials said Thursday that Seoul would cancel this year's military exercises with the United States if North Korea kept its promise to accept nuclear inspections and engaged in serious dialogue with the South.

(Reuters, AP, AFP)

Corruption Trial Strikes at a Central Pillar of Japanese Politics

By James Sterngold
New York Times Service

TOKYO — As Japan heads toward a battle with the United States over trade and access of foreign products to its markets, the Japanese people have been riveted by a trial that is revealing the extent to which collusion has been a part of the construction industry for years.

The effects of the trial on the actions of Prime Minister Morihiro Hosokawa have been considerable, because the revelations of corruption helped him push through changes aimed at curbing the influence of money from industry on political leaders and parties.

Many supporters of Mr. Hosokawa say they are disappointed that his proposals to change the system have been less sweeping than they had hoped. Critics say he had to make concessions to accommodate the whims of the Liberal Democratic Party, which ruled Japan for 38 years until replaced by Mr. Hosokawa's coalition last year.

The party has been damaged by disclosures at what some analysts say are the most important political corruption trials in decades.

At Tokyo District Court, two prefectural governors and the mayor of a large city have answered charges that construction companies had bribed them, just part of the 41 indictments that have been handed up in the scandal.

However, the cases turn out — all the defendants pleaded not guilty, contending that earlier confessions had been coerced — there is little doubt that the indictments played a key role in ending the Liberal Democrats' rule last summer and putting Mr. Hosokawa in power.

The cases have also kept up the momentum behind the attempts to root out corruption and stop the collusion between business and government that closes some markets to foreigners.

"Our role," a prosecutor in the cases, Yusuke Yoshinaga, said, "is to clean out the sewers."

There have been influence-peddling scandals in Japan before, of course, and some have brought down governments. The scandal today is different, because it involves the construction industry.

Contractors have been central to the ways of politics in a country that has been called a "doken kokka," a phrase that could be translated roughly as a nation built around the construction industry.

Among the largest single expenditures made every year by the national and local governments is construction — for a total of \$350 billion last year.

The largest single contributors to politicians are construction companies. Many of the government contracts are let through bid rigging, a practice known as "dango," that the government acknowledges is widespread.

The chief cabinet secretary, Masayoshi Takemura, who had been governor of Shiga Prefecture, recalled once that the pressure to accept cash for contracts was unrelenting.

"Once they set their sights on you, they use every trick in the book," Mr. Takemura said of the construction companies.

According to Yoshitsugu Kanemoto, a professor of economics at Tokyo University: "Other countries have some kind of bid rigging at times, but in Japan dango is part of the industry's structure."

Kunio Maeda, a former construction executive and now a professor at Fuji University, has estimated that government construction costs in Japan are 30 percent to 40 percent higher than in the United States because of the bid rigging.

Much of that extra money, of course, is paid to the politicians who steer contracts.

Those practices have led to suits and threats of sanctions by U.S. negotiators seeking to gain access to the construction markets for U.S. companies.

The first close peek into how the system works was on March 6, 1993, with a raid by prosecutors on the home and office of Shin Kanemaru, a former deputy prime minister and Liberal Democratic kingmaker. The government found millions of dollars of gold bars, cash and bearer bonds.

Mr. Kanemaru was charged with tax evasion, and the prosecutors said most of the money was from construction companies. The public was outraged. Finally most politicians began to realize that they courted disaster if they did not support a campaign to stamp out the corruption.

The prosecutors then raided the offices of 18 construction companies, carting away a total of 4,600 boxes filled with documents.

That led to the first indictment, on June 29, of Toru Ishii, mayor of the northern city of Sendai. Perhaps the most shocking arrests were of top executives of the Kajima Corp., the most influential company in the industry because of its tight links with the bureaucracy and politics.

Seven top executives, including the president, are former Construction Ministry bureaucrats, and the children of several former top executives have married into politically influential families.

That pattern is repeated throughout the industry. Nearly a fifth of the boards of construction companies are former government bureaucrats, and 20 former Construction Ministry bureaucrats sit in the Diet, or parliament.

One peculiarity of the system is that it is not very profitable for the companies. The aim is to provide employment, experts say.

"There's a big myth that public works contracts help these companies financially," said Bernard Siman, an analyst at Jardine Fleming Securities. "The main purpose of these companies is not profits, but maintaining employment. They do it as a strategic policy goal of the government."

The indictments have led companies to stop their most overtly collusive practices, and the government has promised to move to open bidding for large contracts. A law passed two weeks ago will sharply limit corporate campaign contributions as well.

Rains Block Rescuers On Sumatra

The Associated Press

LIWA, Indonesia — An earthquake that killed at least 184 people on the island of Sumatra left the hardest-hit areas virtually out of reach to rescuers on Thursday.

The earthquake shook southern Sumatra before dawn Wednesday, injuring more than 900 people as buildings collapsed on residents in Liwa, a district in the province of Lampung, 200 kilometers (125 miles) northwest of Jakarta.

Power was disrupted, phone lines cut and roads choked with rubble. Many of the injured remained trapped in the debris waiting for help on Thursday, while rescuers in helicopters were hindered by heavy rains.

The earthquake had an initial reading of 6.5 on the Richter scale, according to officials in Jakarta.

The U.S. Geological Survey in Washington put the strength at 7.2. Most of Liwa's 50,000 residents camped out in the open Wednesday night, enduring aftershocks about every two hours. Umpu Singa, a Liwa official, said safe drinking water was in short supply.

The earthquake, the first in Lampung in 20 years, was felt throughout southern Sumatra, and tremors were felt as far away as Singapore. Liwa is located 6 kilometers north of Mount Merapi, a volcano that is the highest mountain in Lampung.



Residents searching Thursday through the rubble of their homes on Sumatra, where the toll continued to rise in a devastating quake.

Alexander Chakovsky, an Ex-Soviet Editor, Dies

The Associated Press

MOSCOW — Alexander Chakovsky, 80, a stalwart of the Soviet literary establishment, died Thursday in Moscow, the ITAR-Tass press agency said.

Mr. Chakovsky was chief editor of the influential weekly Literaturnaya Gazeta from 1962 until 1988. For many years he was an official in

the Soviet Writers Union, an enforcer of party doctrine that persecuted many original talents.

He graduated from the Gorky Literary Institute at the height of Stalin's terror and went on to become a war correspondent. His literary reputation rested on a trilogy of World War II novels about the siege of Leningrad.

The Soviet regime rewarded him with the

Stalin Prize in 1950 and the Order of the Red Banner of Labor in 1963. He was allowed to travel abroad, and his works were regularly published.

The tables turned with President Mikhail S. Gorbachev's policy of openness, or glasnost, which led to Mr. Chakovsky's replacement as editor of Literaturnaya Gazeta.

Expelled Missionaries Broke Law, China Says

Compiled by Our Staff From Dispatches

BEIJING — China issued a defense Thursday of its detention of seven foreign Christians, saying they had conducted illegal religious activities.

Three in the group were Americans, and the U.S. State Department said it was concerned that authorities had not notified embassy officials of the detentions.

In a statement, the Foreign Ministry did not comment on the U.S. complaint. It said the group had violated a recent regulation that reiterates China's ban on foreign missionary activity.

The police expelled one of the Americans on Wednesday, and the others left on their own at the same time.

The detentions did not help China's prospects for winning renewal of its low-tariff trade status from the U.S. government this June. Washington has said China must make progress in improving its human rights record.

Asked about the arrests and renewal of most-favored-nation trade status, a State Department spokeswoman, Christine Shelly, said, "Well, I certainly would not characterize it as a step forward."

Chinese law "protects religious activities and protects foreigners' normal, friendly contacts and cultural and academic exchanges with the Chinese religious community," said the Chinese statement, which Wu Jianmin, the ministry spokesman, read at a news conference.

In essence, Beijing is saying that foreigners can pray to themselves but are not allowed to teach Chinese to pray.

Mr. Wu said: "These people acknowledged they violated Chinese law and made guarantees they would not violate Chinese law any more." (AP, AFP)

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Herald INTERNATIONAL Tribune

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Diplomacy vs. the Bomb

Ending yet another bout of brinkmanship, North Korea acceded on Tuesday to international inspections of its declared nuclear sites. That is a hard-earned victory for U.S. diplomats who are trying to persuade the North to give up any ambition to build bombs.

North Korea agreed to let inspectors into all seven of its declared sites. They can conduct repeated visits if necessary, but only to assure that nuclear safeguards are intact — to verify that no nuclear material has been diverted to bomb-making in the year since their last visit and to check seals and replace film in cameras designed to inhibit diversions in the future.

Once the inspectors are reassured and talks between North and South resume, the stage will be set for a new round of tough talks between Washington and Pyongyang to bring the North into full compliance with the Nuclear Nonproliferation Treaty. The Clinton administration needs to prepare a package of incentives to get it to comply, starting with cancellation of this year's Team Spirit military exercises, conducted jointly with South Korea. Those, too, would have to be negotiated.

The Clinton administration should be prepared to pay a reasonable price to gain such access — by meeting the North's demands for improved relations, giving security assurances, providing reasons that are less confrontational, and offering trade and aid.

Diplomacy will cost a lot less than confrontation, and it just might get what the world wants — a nuclear-free Korea.

—THE NEW YORK TIMES.

The Yen Gives a Warning

Once again the United States is threatening Japan with trade sanctions. Whether intentionally or not, Japan has created the impression in Washington that it is testing the Clinton administration to see how far it can go.

This quarrel has little to do with economic policy in the broad sense or with the size of trade deficits. It is about American ideas of commercial fairness, and anxieties about future competitiveness. Last week an important series of trade talks with Japan fell into deadlock.

This week the Clinton administration has turned to another failing negotiation for what it terms a "classic case" of the Japanese government's resistance to imports, particularly those representing advanced technologies.

Under the Reagan administration, Japan agreed to give American equipment manufacturers the opportunity to compete in its very new market for cellular phones. Five years ago, during the Bush administration, the United States accused Japan of failing to carry out that pledge. Just before the deadline for sanctions, the Japanese agreed to take specific steps to provide access. Some parts of the market have opened, but the government has shut the American company, Motorola, out of the crucial Tokyo area. That, as the White House now points out, has given Motorola's Japanese competitors a protected mar-

—THE WASHINGTON POST.

A Dishonorable Deal

Secretary of Defense William Perry must have thought he was making the best of a bad situation by crafting a deal to entice Admiral Frank B. Kelso Jr. to retire with full rank and pay. As it was, it was a dishonorable deal announced with language that insults public intelligence. So, in his first weeks in office, Mr. Perry has joined former Defense Secretary Les Aspin, former Navy Secretary H. Lawrence Garrett III, the Naval Investigative Service and the Pentagon as shareholders in an episode of utter disgrace.

The current secretary of the navy, John H. Dalton, was correct in urging Admiral Kelso's removal as chief of naval operations for failing to show proper leadership at the Tailhook convention. Former Secretary Aspin was wrong to overrule Mr. Dalton. And now the navy's Tailhook inquiry has ended as ignominiously as it began. Admiral Kelso refused to step down unless Mr. Perry issued a statement calling him "a man of highest integrity and honor." Yet the navy's own judge, Captain William T. Vest Jr., concluded that Admiral Kelso had lied about his activities at the Tailhook convention and then used his rank to impede the investigation. Only one of them is right, and Mr. Perry has no way of knowing whether it is he — or Captain Vest and Mr. Dalton, who assert that the navy's top admiral failed in his duty. Now, of course, the public will never know, either, since Admiral Kelso's retirement ends any review of his conduct.

More than two years ago the now infamous Tailhook convention was the scene of physical assaults in which unwilling women were grabbed, fondled and partially disrobed. The navy says 140 navy and marine pilots assaulted 83 women. No one was convicted because scores of commissioned officers lied about what they had witnessed. In the final development, Captain Vest dismissed the last three naval cases on the grounds that Admiral Kelso had lied about his own knowledge of bawdy activities and actively manipulated the investigation to shield his involvement.

From all accounts, Captain Vest is a responsible jurist. He was forced to weigh evidence of the admiral's involvement because the three defendants challenged the whole proceeding as

—THE NEW YORK TIMES.

A Problem Bigger Than Ex-Yugoslavia

By Flora Lewis

PARIS — Nearly forgotten before it even gets to work, the United Nations tribunal to judge crimes against humanity in ex-Yugoslavia has announced that it is ready to begin functioning in The Hague. But, like so many UN efforts launched with fanfare, it has just the budget to get organized, not enough yet to start planning prosecutions.

It is another example of failure of the "international community" to face the key question of its attitude to the war. What does it seek, peace or the principle of justice? The president for UN crimes trials was established after World War II, when the demand for unconditional surrender made the two aims compatible, complementary.

Unconditional surrender was imposed to make sure there could be no repetition of the myth, exploited by Hitler, that Germany was not really defeated in World War I but "stabbed in the back." The allies were determined to dictate terms to Germany, and for that they understood that they must have victory, not a negotiated peace.

Nobody outside wants to impose an all-out victory in Bosnia, or elsewhere in Yugoslavia. As in Iraq, as in Cambodia, the aim is for an accepted settlement with certain future constraints. But there is no peace deal yet. The UN's current two-track plan threatening to bomb Serbian artillery around Sarajevo and pressing the Bosnian government to accept what it considers an inadequate agreement is so confusing and uncertain.

It evades the unanswered question of how the governments that decide what the United Nations and NATO should do to want to see the war ended. The anomaly of setting up a crime tribunal while negotiating with the people who would

be expected to be in the dock shows that they don't want to answer, they are bluffing themselves.

The sudden French-American honeymoon, after open spat, on the next step in the long Bosnian tragedy was reached by deciding to have it some of both ways: use force enough to scare the Serbs and give the Bosnian government heart, but not enough to leave the decision to the battlefield.

The UN commander in Bosnia, Sir Michael Rose, says his goal is to enable Sarajevo to live as a normal city, where supplies and people can come and go, and then go on to do the same for Tuzla, Mostar, others. But the threat to bomb if artillery is not withdrawn or if it is used will not even assure lifting of the siege. At best it will reduce the wanton level of killing.

Once again, attention is focused on immediate details, how many guns, how far back, what is meant by their control, to distract the public with the current dramatic sequence. There is no further scenario except the hope that the fighters will grow tired and discouraged, and then be willing to sort out the pieces. It is not a policy. It won't decide anything.

A much broader context is needed involving the whole of the Balkans, Russia, the European Union and the United States, to create a peace plan for the entire area. Only then can enough weight be brought to bear, and sunlit oil, but unfortunately so far remains a local war. So long as this is not started, lives saved today are only borrowed from tomorrow's casualty lists.

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A U.S. Policy at Last — but Where Does It Lead?

By William Pfaff

PARIS — The United States now has a policy on Bosnia. As a result, NATO has such a policy, too — for the moment, although Britain, Greece and possibly others in NATO are not really committed to it. NATO's policy also appears to conflict with the United Nations' policy.

The result is that the American-NATO policy may very well be the United States' policy. The United States and the United Nations line, which it can do if it is determined. However, unless this policy can impose itself upon the Serbs of Bosnia, next week could bring still another humiliation to that fabulous entity "the international community," and another blow to the prospects of peace and order elsewhere in ex-Communist Europe.

American policy is first of all to end the siege of Sarajevo. This is in order to secure the UN's position in the Balkans and permit the Clinton administration to present itself as having "done something." Those are not the most credible of motives, but together with French government urgings — the result of identical considerations of domestic politics in France — they have forced Washington to make up its mind, and NATO's mind as well.

The ultimatum that NATO has delivered to the Bosnian Serbs is that they must withdraw from Sarajevo or placed under UN control by Sunday midnight. UN authorities on the scene, including the British general currently in command of the UN Protection Force there, argue that "control" means that the United Nations knows where the weapons are, with the possibility of destroying them if the Serbs try to use them.

Since destroying the weapons would require the UN Protection Force to attack the Serbs, the UN commanders clearly are not being serious. They do not intend any such attack, whatever the Serbs do, and the Serbs understand this. UN commanders have consistently raised obstacles to military action against the Bosnian Serbs because it would mean trouble and danger for UN troops, and also because the professional Serbian command has been, of all the contending forces around Sarajevo, the easiest for UN military people to deal with.

As in the European Union negotiations in Geneva late last year in-

volving David Owen and Thorvald Stoltenberg, a certain implicit complicity has grown up between aggressors and peacekeepers in order to get things done and minimize the inconveniences to peacekeepers and mediators. It is the victims who are making trouble by refusing to give up. American now is making further trouble by supporting the victims' claim to a better settlement than the Serbs and Croats wish to give them.

Washington's policy was articulated last Friday by Peter Tarnoff, undersecretary of state for political affairs: When the siege of Sarajevo is lifted, the war must be given a negotiated settlement, and the United States now will put new pressure on the Bosnians to make such a settlement. This settlement must meet American requirements of the Bosnian government, as the Bosnians have been the chief victims of the war. The Bosnian Serbs will have to make large concessions.

If the Bosnian Serbs (and Serbia itself, which created and sponsors the self-proclaimed Bosnian Serb

government) do not make new concessions, new pressure will be put on them. Croatia is expected to play a "helpful role," but if it does not, pressure will be applied there, too. Mr. Tarnoff said nothing about what these pressures would be, but previous occasions in Washington suggest that they could include lifting the arms embargo on Bosnia, or even giving the Bosnians military support.

Once an agreement is found, and there is evidence of its acceptance in good faith, Washington is prepared to send "implementation forces" to help police it. The caveat about "good faith" aside, this amounts to exactly the program of military intervention to impose a settlement that everyone, from the beginning, has wanted against.

By offering some support to the side that has tried to cling to the values of Western liberal society, the policy would offer a moral coherence to Western policy that has been absent before. It is a terrible alternative. However, it is a coherent policy.

pleasant, implicating the United States and its allies in widening the war. It is to adopt some version of the program known to Washington as "lift and strike": air strikes against the Serbs, while lifting the arms embargo on Bosnia.

This involves no foreign troops. The UN troops already in Yugoslavia would undoubtedly be pulled out. The war would get worse. This course would mean leaving the three sides in this war to discover for themselves the limits to which they are prepared to go.

In that respect, this policy possesses a certain moral gravity absent before, when the international community tried to spare everyone the consequences of what everyone was doing, and tended as a result to facilitate aggression.

By offering some support to the side that has tried to cling to the values of Western liberal society, the policy would offer a moral coherence to Western policy that has been absent before. It is a terrible alternative. However, it is a coherent policy.

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Couldn't they just pretend we had oil?

The Cartoonists' Studio
Los Angeles Times Syndicate

Watch the Supply Side of Emerging Stock Markets

By Philip Bowring

HONG KONG — Remember the U.S. supply side? The recent falls in general emerging market indices may seem just a correction before yet another forward march. But the debate over the future of these markets, which have shown average gains of 80 percent in the past year, has been mainly couched in terms of the durability of two factors: the inflow of portfolio capital from Western institutional investors, and the markets' susceptibility (as evidenced recently) to a rise in U.S. interest rates.

These are of course important factors. But equally so, and so far largely ignored, is the question of potential supply of new issues to markets that are often thin, and where turnover is small relative to market capitalization.

Not much talked about, either, is the indirect role of Japan in fueling asset booms, especially in Asia. That factor will need to be especially carefully watched now that America is intent on obtaining a drastic cut in Japan's supply, by fair means or foul. Fund managers in slow-growing, grayed OECD countries are unlikely — barring some serious accidents to emerging markets such as hit Hong Kong in 1987 — to cease placing a significant proportion of their cash flows in younger, faster-growing if less stable economies.

The boom in emerging markets has been partly a product of belated appreciation in the West of the gradual shift in world economic power. This realization has coincided with a shift in the developing world toward the merits of equity markets and private capital over state enterprise. This phenomenon has affected giants such as Brazil, China and India as well as mixed-economy minnows like Singapore, Oman and Venezuela. The younger markets have acquired the confidence to expect premium prices, not the discounts at which they were previously assessed.

It is estimated that \$20 billion, or

20 percent of new money, has flowed from U.S. mutual and pension funds into emerging markets in the past year. Probably another \$15 billion has come from Europe and Japan. It is anyone's guess when the fund managers will collectively decide that an optimum level of emerging market exposure has been reached. As a percentage of total funds the flow is still small. On balance it seems reasonable to assume that the flow will remain strong and positive.

It is more likely to be on the supply side that damage to asset values will be done. In particular, this will expose the fallacy of paying large premiums for entry into markets where access is impeded either by laws or by trading and settlement problems.

There is a simple and obvious reason for this: Most fast-growing developing countries have in common a shortage of capital. Opportunities for profitable investment exceed availability of the funds to fulfill them. In the longer run, companies can attract such capital, whether local or foreign, only by offering high rates of return. This can hardly be the case at present, where price-earnings ratios in the 25-to-50 range are the norm. In the short term, foreign portfolio capital can move asset prices sharply, even in local countries. But in the longer run it is local supply and demand that will determine the cost of funds.

Recent years have seen a flood of new issues, adding to liquidity, attracting new money yet to be spent on real projects. But that can only be temporary. The money has to be spent, and, if there is not to be earnings dilution, yield high returns.

If it is the Western fund managers who have led the way in bidding up asset prices, it is the Japanese who have been providing the precondition — cheap money. Japanese direct foreign investment may be sluggish, its

portfolio investors following behind their Western colleagues in emerging markets. But it is that \$130 billion current account surplus which, as much as the U.S. Federal Reserve, is holding down interest rates in Asia. It is trade credits and bank loans that are enabling Southeast Asian countries to be so liquid despite big current account deficits, and China to finance its capital flight with so little pain.

So followers of emerging markets should worry less about a change of mood by sometimes emotional and often sleep-like fund managers. Instead, keep your eye on the foreign issue volume and the size of that Japanese surplus.

International Herald Tribune.

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International Herald Tribune.

Tough Guys Instead of Statesmen?

By Hobart Rowen

WASHINGTON — Perhaps the most discouraging thing about the impasse between the United States and Japan on trade issues is how neatly the rupture enhances the political popularity of President Bill Clinton and Prime Minister Morihiro Hosokawa.

Mr. Hosokawa's bravado in standing up to Mr. Clinton's demands for a fixed share of the Japanese market for American products and services has won him wide acclaim and a boost in the polls. Japan has finally found a prime minister willing to say "no" to the United States.

Mr. Clinton's toughness has gained him bilateral support in Congress and among Americans who believe that the Japanese for years have cleverly duped U.S. negotiators with double-talk while they have huge export surpluses. The trouble is that Mr. Clinton and Mr. Hosokawa now have something to prove — their reputations depend on a determination not to back off. That makes repair of the situation all the more difficult.

The next several weeks will be critical if blunders on both sides are not to disintegrate into sanctions and retaliation that spill over into the geopolitical and security areas, affecting the stability of the Pacific region.

The sanest thing the Japanese could do now is to acknowledge that the United States has a solid case in the separate dispute involving Motorola and to move quickly to remove the manifest discrimination in the cellular phone market south of Tokyo. In this way, the Japanese would not only avert sanctions against their exports but would also do much to defuse tensions, without admitting that they were wrong to resist Mr. Clinton's pressure for "results-oriented" numerical quotas.

Coincidentally, an effort should be made to put the trade dispute into some perspective. There is a wide misunderstanding, perpetuated by the Clinton trade team's hawkish rhetoric, about the extent to which the two countries need each other's markets and support.

Consider this: Ted Koppel, arguably the best-informed network news anchor in the business, admitted as he had a debate Tuesday between the U.S. trade representative, Mickey Kantor, and the Japanese ambassador to the United States, Takahiko Kuryama, that he had been unaware of a basic fact. After stating that Japan sells the United States \$60 billion more than it buys, he said:

"What we do not hear again and again, what many of you probably do not know — and what I must confess I did not know until this morning — is that Japan buys more products from the United States than any other country in the world except Canada."

"So if you love the idea of Washington slapping a few sanctions on Japan," Mr. Koppel said, "just remember that our two economies are so intertwined that when you hit a Japanese company, some U.S. supplier or subsidiary is going to wince."

That is one essential truth about the interlocked business relationship. But there are others that Mr. Koppel didn't mention. When Japan builds a trade surplus, the dollars acquired come back to the United States in the form of investments or loans. When invested privately, those surplus dollars help create jobs.

Also, when lent to the U.S. government in the form of purchases of Treasury bills and notes, the Japanese surplus has helped finance the U.S. budget deficit. Without such funds, interest rates could have climbed much higher.

None of this counters the fact that Japan — as does the United States — follows some unfair trade practices. But, according to this week's *Economic Report from the White House*, if every single complaint about Japanese trade practices were taken into account, the Japanese surplus would still be \$45 billion to \$50 billion. That is why it is foolish, if politically rewarding, for the Clinton administration to pursue a reduction of the trade deficit on a laborious product-by-product, sectoral basis.

If there is a solution to the Japanese surplus "problem" it lies in encouraging Japan to boost its own domestic economy with a view to raising the consumption standard of living. If Japanese consumption rises, and if U.S. imports are not blocked, American exports to Japan may rise — provided that American manufacturers attend to the demands of the Japanese consumer. They cannot be forced with "numerical" quotas.

This is a time to lower the rhetoric and return to statesmanship.

The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: An Early Spring

PARIS — There is a chestnut tree in the avenue des Champs-Élysées which, if meteorological conditions are favorable, promises to be in leaf by February 20, thus preceding by a whole month the proverbial "Marronnier du 20 Mars." The buds on this tree are already without their outer envelope, and if the weather keeps tolerably fine the leaves will show themselves by Tuesday.

1919: Senate's Debate

PARIS — A Washington news dispatch says Republican leaders in the Senate were disposed to moderate or defer discussion on the draft plan for the League of Nations in compliance with President Wilson's request. It is not at all certain that they will suspend debate on the subject during the coming week. In the course of a long speech, Senator Borah said: "It will be well to examine the agreement carefully in order to

know, in fullest detail, the obligations it imposes on the United States. One thing is certain: and that is it means the renunciation of the Monroe Doctrine, and that we will engage ourselves to go to Europe and participate in European affairs, subject to the jurisdiction of the League."

1944: Stalin's Report

LONDON — [From our New York edition] Premier Marshal Josef V. Stalin announced early today (Feb. 18) that Russian troops in the Ukraine had completely liquidated two divisions and one brigade of the 8th German Army surrounded near Kozlov after a fourteen-day battle in which 57,000 Germans died and 11,000 surrendered. "Nearly 74,000 Germans were killed, according to the Russian count, in the battle of the encirclement," including 21,800 who fell in a vain effort to smash the Soviet ring. "The great German equipment and war material was captured by our troops," Stalin said.

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OPINION

Government Doesn't Like Investigating Government

By William Safire

WASHINGTON — The government does a lousy job of investigating the government. That's why the Independent Counsel Reauthorization Act finally passed by the House last week. After conferring iron out minor differences in two weeks, the bill that Bill Clinton promised to sign will be on his desk.

Not a moment too soon. Consider how abuses of power are probed by insiders versus outsiders.

Last summer, Clinton State Department appointees wrongfully searched the files of predecessors in the Bush administration; the subsequent disbanding of the Warren Christopher's top aide, who was off in Singapore, State's inspector general sent a report to the secretary of state, who fired the culpable appointees, and sent a "prosecutive summary of potential Privacy Act violations" to Justice. Time servers gave the blatant, politically motivated intrusion a desultory look-see and declined to prosecute.

Contrast that inaction with the thorough probe undertaken by a truly independent counsel in a similar case. During the 1992 campaign, Bush appointees at State scandalously searched the passport files of candidate Clinton and his mother. An independent counsel took charge of the case to find out who committed the misdemeanor, and if higher-ups lied in denying guilty knowledge.

What will happen? My guess: a full report by April but no indictment. Not for lack of investigative zeal, or the result of any political fix or unexpected innocence, but because the evidence, on which the Clinton passport case is based was "tainted" from the start.

What tainted it was an entirely separate crime: unlawful eavesdropping. Mr. Baker's aides overheard plotting to search Clinton files by members of the State Department's Operations Center — who had no right to listen in.

That opened a whole new can of worms. A third criminal investigation was launched: Who at State violated the law by eavesdropping and "routinely" making notes of private conversations?

Unfortunately for law enforcement, this matter was referred to the Clinton Criminal Division's Department of Public Integrity, on the Boulevard of Broken Cases. An ambassador who had been in charge of the "watch center" was never examined. Justice matters that the matter is "under review," but nobody at State has been asked a question in six months.

In one sentence: The Bush State Department snoops who wrongfully searched the Clinton passport files will not be prosecuted because the snoops in the Operations Center were wrongfully listening in, while the Clinton State Department snoops who wrongfully filed the files of one of those Bushie snoops will not be prosecuted because Clinton Justice goes easy on its own.

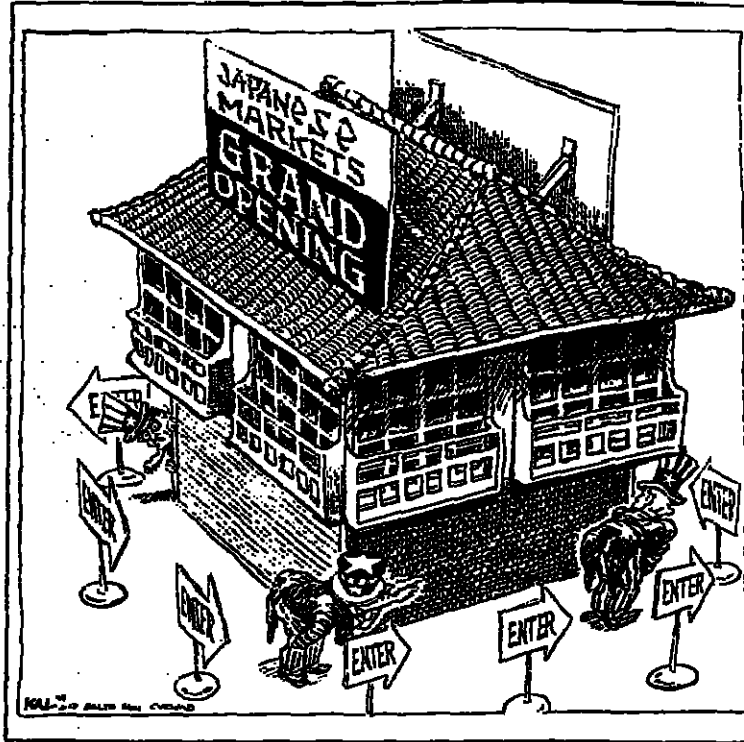
The only real probe of government was the independent probe. Next month, when the Independent Counsel becomes law again, Janet Reno should act in an evenhanded manner.

First, get a preliminary report from her aide John Hogan, who has been fiddling for eight months on Justice's mismanagement of Inagate, as the basis for a court request for independent counsel.

Second, get a preliminary report from Robert Fiske, her in-house, non-independent, untrusted-by-Republicans counsel on Whitewater, and use that to go to court for a truly independent counsel.

That court-appointed counsel should immediately take testimony from potential subjects Webster Hubbell, Bernard Nussbaum and Hillary Rodham Clinton to discover any improper involvement in the selection of Mr. Fiske.

The New York Times.



LETTERS TO THE EDITOR

No Use Making Scapegoats of the Mediators

In his article "A Patchwork Map for Yet More War in the Balkans," (*Opinion*, Feb. 17), Charles H. Fairbanks Jr. makes some important factual errors. Unlike with the earlier Vance-Owen peace plan there is no Owen-Stoltenberg map as, indeed, there is no Owen-Stoltenberg plan. The mediators have worked with the parties on the basis of their differing claims and proposals.

Professor Fairbanks can certainly criticize what has emerged, but it is no use to make the mediators the scapegoat. It is worth recalling what happened after the Vance-Owen peace plan was set aside in the Washington meetings of May 20-22 last year.

In early June the co-chairmen, David Owen and Thorvald Stoltenberg, were approached by President Franjo Tudjman of Croatia and President Slobodan Milosevic of Serbia proposing that there be three republics formed in Bosnia-Herzegovina. Their initial suggestion provided little more than 25 percent of Bosnia-Herzegovina for a predominantly Muslim republic.

Throughout the summer the co-chairmen, who had reported fully to the UN Security Council and the European Union foreign ministers, mediated negotiations between the parties aimed at clarifying questions which President Alija Izetbegovic had highlighted and at achieving a larger, more viable and compact Muslim-majority republic.

On Aug. 20, there was agreement between all three parties on the constitution for a Union of Republics of Bosnia and Herzegovina. On Sept. 20, a meeting

on board H. M. S. *Invincible* came close to a settlement providing the mainly Muslim republic with 30 percent of the territory, access to the Sava River in the north and a navigable port on the Neretva River suitable for seagoing container ships, as well as a 99-year lease and guaranteed access to the Croatian port of Ploce. Sarajevo would be under UN administration and Mostar under EU administration for a period of two years during which time the parties undertook to negotiate on a long-term solution to their conflicting claims in these areas.

The Croatian and Serbian assemblies accepted this proposed settlement. The Bosnian assembly in Sarajevo, meeting on Sept. 29, accepted the proposal in principle but demanded more territory.

The mediators then felt the need for the specific support of governments, and the European Union action plan was developed. This plan, firmly based on the *Invincible* package, demanded that the Muslim majority republic have 33.33 percent of the territory of Bosnia-Herzegovina, and establishment of a modus vivendi between Croats and Serbs in Croatia.

After intensive private diplomacy, a map was tabled in mid-January giving the predominantly Muslim republic 33.56 percent. At the same time, Croatia and the Federal Republic of Yugoslavia (Serbia and Montenegro) took the first step toward normalizing their relations.

It became clear, however, that there were territories which were not included but to which the Bosnian government attached great importance. The co-chairmen negotiated an arbitration mechanism on these disputed territories, but the claims of the parties were still incompatible. When the meeting ended on Jan. 19, the co-chairmen proposed to the Bosnian Serbs that they consider implementing their agreement for a UN administration and demilitarization of Sarajevo in advance of an overall settlement.

The Bosnian Serbs agreed in a meeting in Pale on Feb. 5, a few hours before the tragedy happened in the Sarajevo marketplace, to enter negotiations on this "Sarajevo First" initiative, and confirmed their willingness in a meeting the following day with the co-chairmen in Zvornik, Bosnia.

JOHN MILLS,
Spokesman for the International Conference on the Former Yugoslavia,
Geneva.

A Failure of the West

In response to the report "Clinton Urges Peace Push After 66 Die in Sarajevo" (*Feb. 7*) by Paul F. Horvitz:

What peace is being kept by the UN "peacekeeping forces" in whose name the European allies rationalize their inaction? It is time to admit that while blue helmets and sanctions may assuage the world's conscience, they serve only to increase the injustice and misery of this horrible war.

It is clear that the leaders of the NATO governments lack the vision and courage to order the full-scale military action necessary to end the war, and that no other alliance or nation has the ability to do so. We should face that reality and then get out of the way. Preventing only the Bosnians from arming themselves, yet refusing to end the war, is patently unjustifiable.

F. EMMETT FITZPATRICK 3d,
Philadelphia.

Hiding From This Rage Is Harmful

By Juan Williams

WASHINGTON — In 1857, T. Thomas Fortune, the black editor of the *New York Age*, formed the National Afro-American League because, he wrote, the best educated black people had to take their fate out of the hands of well-intentioned whites.

Early in this century, W. E. B. Du Bois, the editor of the NAACP *Crisis* magazine and the first black Ph.D. from Harvard, wrote that educated black people — a "talented tenth" — had a responsibility for elevating black Americans economically and educationally.

In the 1930s, Charles Hamilton Houston, a prominent black lawyer, pressured Howard University's law school to increase the rigors of its training, because he felt that the black lawyer must be well educated to "anticipate, guide and interpret his group's advancement" as social engineers for the black race.

At the end of the century this emphasis on educated black leaders' taking the reins of leadership has been turned on

its head by what might be called reactionary, black populism.

Today black America is increasingly led by people who can only be described as characters. And it increasingly glorifies ignorance. Part of the debate over race includes conspiracy theories about AIDS being intentionally spread in the black community and white slandering an indication of genetic inferiority.

There is no better example of this phenomenon than Louis Farrakhan, the leader of the Nation of Islam, a man who talks about visits to alien space ships to converse with the dead and yet is widely granted credibility in pockets of the black community.

At his Feb. 3 Washington press conference to repudiate Khalid Abdul Muhammad, an aide who gave a bigoted speech at Kean College in New Jersey, Mr. Farrakhan said he had obtained a secret report by the Anti-Defamation League that said elected black officials were resentful over Mr. Farrakhan's success at affecting black public opinion.

The League is right. Black politicians are angry and resentful. But most of all they are puzzled about Mr. Farrakhan.

As more black politicians hold office in Washington and in state and city government, they also represent larger numbers of the educated, well-informed middle class — white and black. But that leadership, born of education, ambition and hard-won success, is derided by the Farrakhans of today as "acting white" or losing touch with the street corner.

The paralysis among leading blacks in the face of this attack is having tremendous negative impact on black public opinion. Data from the 1993-94 Black Politics Study being done at the University of Chicago shows that support for an independent political party and other forms of self-segregation and black nationalism is at an all-time high.

Younger and poor blacks are more apt to hold black nationalist viewpoints," said Michael Dawson, a sociologist at the University of Chicago and co-author of the study, to be released in April. "We were stunned by the magnitude of change in support of black nationalist views since 1988," the last time the study was done. Mr. Dawson said, "Right now half of the black community supports the idea of an independent black party."

The views are in part assemblage at least in part because black politicians and academics are afraid of being called traitors if they speak up. Thus, when Lenora Fulani, an immigrant activist, was given a platform on the "MacNeil/Lehrer NewsHour" recently, she articulated the view that the Reverend Jesse Jackson's condemnation of Mr. Muhammad's hateful speech made people on the street ask, "What's wrong with Jesse?"

What is troubling here is not one person's beliefs but the sense of a community in a frenzied rush in the direction of the loudest voice. The National Black Politics study showed that in response to the

question, "Do you think that Farrakhan is a good leader or a dangerous force in the black community?" 67 percent of black Americans answered he is a positive force; 28 percent deemed him a dangerous extremist; 4 percent said both.

It is this underground sea of emotional support for Mr. Farrakhan that has the Congressional Black Caucus in paralysis, alternating between embracing him with "covenants" and then repudiating his venomous sentiments. Several caucus members requested anonymity before discussing Mr. Farrakhan.

"There was a story in *The Wall Street Journal* the other day about a prep-school, college-educated young woman from a wonderful family who could not get a record contract," said one caucus member. "You know what she did? She started cursing, telling people she was from the ghetto, dressing like a bum and then she got a contract. She's marketable as a stereotype."

"Now if I play the role and support Farrakhan, there are black people who would love it. I become more marketable. They enjoy the expression of anger and confrontation over all else."

Another black congressman pointed to the ovation and laughter that greeted the Muhammad speech. "He's a stone bigot... with little education," the congressman said. "Yet he is setting the tone for black college students."

Mr. Muhammad's strategy during that controversial speech offers insight into the roots of his influence. He made himself the champion of insecure and unsuccessful students by saying that whites look down on blacks at the school. He then said that Jews who condescended to black students disrespect a superior race who are "your mother and father biologically, and genetically and historically land that we are the mother and father of all the disciplines, all the sciences."

Mr. Muhammad then spoke directly to the contradiction of growing black political power in the United States. He named politicians such as "Sinkin" David Dinkins, and "Uncle Tom Bradley." Representative John Lewis of Georgia, Representative Mel Reynolds of Illinois, and said, "When white folks can't defeat you, they'll always find some Negro, some boot-licking, butt-licking, sissified, punkified, pasteurized, homogenized nigger that they can trot out in front of you."

He then added to the list Jesse Jackson, well-known academics, athletes and entertainers before concluding that "many of our politicians are in the palm of the white man's hand, but in particular of the Jewish white man's hand."

The only use he has for black politicians is to have them support reparations for blacks. He is succeeding at this because growing numbers of middle-class blacks ignore him, while those who feel disenfranchised feel increasing anger. That is the rage Mr. Muhammad is tapping, and other black leaders are ignoring at their peril.

The Washington Post.

BOOKS

JOSEPHINE: The Hungry Heart

By Jean-Claude Baker and Chris Chase. Illustrated: 532 pages. \$27.50. Random House.

Reviewed by Margo Jefferson

A LITTLE song called "Yes, We Have No Bananas" was the hit of 1923. F. Scott Fitzgerald thought it caught the goofy abandon of the age, so it seems right that Josephine Baker created the hit dance number of the age three years later wearing a belt of bananas accessorized only by beads and bracelets.

A film clip shows a small part of that number. Baker steps onto an elevated train trunk, strikes a brief pose (part bathing beauty, part cocky sailor), then steps down to the stage of the Folies-Bergere, which has been turned into a jungle complete with white explorer and African drummers.

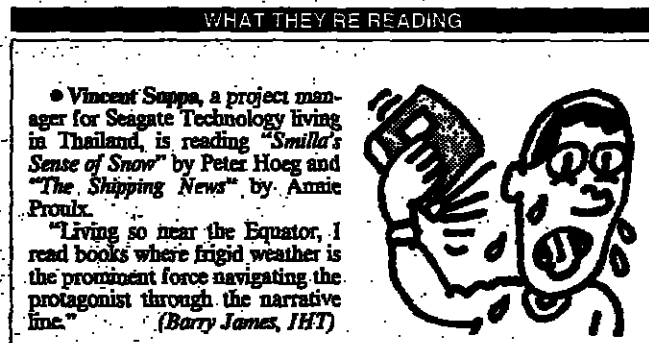
What exactly did she do? A belly dance and a Charleston, writes Jean-Claude Baker, bumps, grinds and an eccentric chicken. All in one number with bananas flying. She also sported monkey-earrings, mimed Cupid with his bow, then glanced at the sleeping explorer, turned her back to him and perched center stage like a smug little hen.

The content was wide-eyed primitivism; the form wildly modernism. "I definitely wanted to seduce the whole capital," she said of her Paris triumphs, and for her, seduction was always conquest. "It is a duel between them and me," she said of the audiences whose love she craved. "My heart becomes as hard as my fist. It's a matter of winning."

It always had been. Baker won out against a childhood of penury and cruelty. She won the Croix de Guerre for her work with the French Resistance in World War II. And she won 50 years of fame, fortune and adulation.

Now she has won the right to be taken seriously by posterity, something she must have dearly wanted because she published five autobiographies during her life.

Working with Chris Chase, Jean-Claude Baker has combined cultur-



al and theatrical history with an intense Oedipal drama. He met Baker when he was 14, and was taken in by her.

Through the years she treated him like a son and like a self. He read everything about her he could find, he writes, "because I loved her, hated her, and wanted desperately to understand her." Those emotions drove his book, and they drove him to do vast amounts of valuable research.

The result is mesmerizing: a battle of wits with Josephine as the mastermind, concocting fables about her life, and Jean-Claude as the detective, breaking them down into facts.

Baker was born in St. Louis, to a laundress named Carrie McDonald and a man listed only as "Edw." on the birth certificate. She swept steps, scrubbed floors and stole coal to help support her family, and went to the theater every chance she got.

By the age of 11 she was clowning and playing the trombone with a local family of musicians; by 13 she was married, and at 14 she left husband and hometown to go north with a vaudeville troupe.

It was 1920, and Baker soon made her way into Broadway musicals and Harlem nightclubs. The real break came when an alert and wealthy woman named Caroline Dudley decided to take Harlem to Paris in the form of a black revue. It was 1925, a grand year.

Fitzgerald published "The Great Gatsby." Louis Armstrong made his Hot Five recordings and Charlie Chaplin made "The Gold Rush." New York had Martha Graham in "The Greenwich Village Follies," Paris got Josephine Baker in "La Revue Negre."

One critic exclaimed: "Is this a man? Is this a woman? Is this a horrible? Is she ravishing? Is she black? Is she white?" Another wrote Baker had the splendor of an ancient animal and the grin of a benevolent cannibal.

Many saw her as a child of nature. But Jean-Claude Baker writes: "They were mistaken. Josephine was not a natural child, she was a complicated, driven 19-year-old. She herself had created that 'magnificent dark body' out of her will and her need to be noticed."

World War II made Baker the hero she longed to be, and by the 1950s she was ready to take up the roles of mother, impresario and freedom fighter. Unable to have children, she adopted 12 from around the world and called them her Rainbow Tribe: a living experiment in universal brotherhood and imperial motherhood.

She converted her chateau, Les Millandes, into a combination of Monte Carlo and Disney World, touring ceaselessly and futilely to support the venture.

These are hard years to read about. Baker handled money badly, and broke contracts and promises wondrously. She treated her children like objects and her lovers, husbands and colleagues like abject subjects.

"Josephine: The Hungry Heart" is mesmerizing and terrifying. This book is a battle of wits between Josephine Baker and Jean-Claude Baker, but it is a stunning example of collaboration, too. In the end, they both win.

Margo Jefferson is on the staff of The New York Times.

BRIDGE

By Alan Truscott

FOR players in the New York metropolitan area, the tournament year always begins with the Tri-State Regional Championships at the Rye Town Hilton in Port Chester, New York. This year, the tournament began on Jan. 11, and for the first time lasted a full week.

A regular visitor to this tournament is Jim Linhart of Manhattan, who at 6 feet 8 inches is one of the world's tallest bridge players. He had reason to be happy with the diagrammed deal, played in a minor game at the Fall Nationals in Seattle, Washington, in November.

As South he was startled to find himself with 0-0-5-8 distribution, and took a reasonable shot at six clubs following a weak two-spade bid on his right. West had good reason to expect that six spades would make, and that contract

would have hinged on the opening lead: A club allows East to succeed, but the diamond-king results in one-trick defeat.

However, North liked his diamond void coupled with three-card club support and continued to seven clubs. West naturally doubted with some confidence, and North redoubled, no doubt in the hope of scaring the opposition into seven spades. Both judgments were wrong as the sequel proved: Seven clubs was unbeatable, and South was permitted to play in that contract.

South ruffed the opening heart lead and played the diamond king, ruffing out West's ace. He then ruffed a spade and led the diamond ten for a ruffing flourish against West's presumed jack. The red diamonds were established, the red-

NORTH
♠ 10 8 7 6 5 4 3 2
♥ Q J 9 8 7 3 2
♦ 10 9 4
♣ —

EAST (D)
♠ K Q 10 7 4 3
♥ 6 5 3 2
♦ 7 2
♣ —

SOUTH
♠ —
♥ K Q 10 9 8
♦ A K Q J 9 8 6 3
♣ —

Neither side was vulnerable. The bidding:
South: 2♣, 3♣, 4♣, 5♣, 6♣, 7♣.
West: 2♦, 3♦, 4♦, 5♦, 6♦, 7♦.
North: 2♠, 3♠, 4♠, 5♠, 6♠, 7♠.
East: 2♥, 3♥, 4♥, 5♥, 6♥, 7♥.

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FRANCE	0000-0115	SWITZERLAND	0000-0115
GERMANY	0000-0115	TANZANIA	0000-0115
Ghana	0000-0115	TANZANIA (DAR ES SALAAM)	0000-0115
GUATEMALA	0000-0115	UNITED ARAB EMIRATES	0000-0115
HAWAII	0000-0115	UNITED KINGDOM	0000-0115
HONDURAS	0000-0115	UNITED KINGDOM (BT)	0000-0115
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ITALY	0000-0115	UNITED KINGDOM (J)	0000-0115
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JORDAN	0000-0115	UNITED KINGDOM (L)	0000-0115
KAZAKHSTAN	0000-0115	UNITED KINGDOM (M)	0000-0115
KENYA	0000-0115	UNITED KINGDOM (N)	0000-0115
KOREA	0000-0115	UNITED KINGDOM (O)	0000-0115
KUWAIT	0000-0115	UNITED KINGDOM (P)	0000-0115
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LEISURE

Flying in the Face of the Recession

By Roger Collis
International Herald Tribune

THE recession has become the mother of invention. Business travelers who are fed up with outrageous business fares are learning to use discounted economy fares and holiday packages to business destinations such as Brussels, Amsterdam and Madrid.

What about flexibility? Well, how much flexibility do you really need on many trips? And how much are you ready to sacrifice for a ticket that can be less than 30 percent of the price of a fully flexible ticket? For that kind of money it pays to buy another ticket to come back if your plans change, and throw the return half away.

The cheapest tickets must normally be bought 14 days ahead and then there is the Saturday-night-stay nonsense, a condition designed to prevent business people buying fares that are meant to fill up the back of the plane. The solution is to travel the small ads for a considerable who specializes in the destination you need. They will be able to waive the advance-booking-plus-minimum-stay requirements, and shave a few dollars off the published fare. Or else add a weekend to your trip. Many large city hotels slash their rates by as much as 50 percent on weekends.

As routes become more competitive, the growing price gap between business class and economy has become more serious. Take London-Nice, for example. The round-trip business fare on Air France, British Airways and British Midland is \$277 (about \$850). There is a so-called EuroBudget round-trip fare of \$393 (a back-of-the-plane fare except for BM) that allows you to change your return by upgrading to the full business fare. Round-trip discount fares range from \$119 to \$277 with advance purchase and the Saturday night.

London-Nice is a paradigm for what will happen on other routes where more than two carriers compete. Air France has introduced its Eurochallenge fare on services to 15 countries in Europe; it is aimed at business travelers, who want a flexible ticket for 10 to 27 percent less than they're paying in business class. It's a start, but you're likely to pay top dollar for flexibility for some time yet.

Here are some ways to cut corners:

- Fly/stay packages can give you the flexibility you need for one-third the cost of putting together the same trip yourself.

The Frequent Traveler

Many city-break specialists can provide one- to three-night midweek packages at a four- or five-star hotel for about the same price as the round-trip business-class fare.

- A good travel agent should be able to get you the "corporate rate" (15 to 30 percent off the rack rate at hotels with which they have a volume discount). Many of the major chains are featuring discounts (up to 30 percent) at hotels throughout Europe. Look out for summer "sales"; weekend rates and packages in various guises. So you can bring your loved one along on expenses, and enjoy.
- Hotel Express International offers 50 percent off at more than 800 hotels in Europe. Consider joining the International Airline Passengers Association (take the cheap membership without insurance) for the hotel discounts it offers.

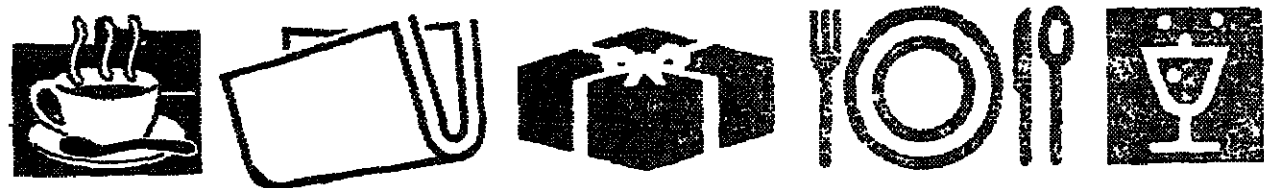
- Back-to-back excursion tickets are one way of getting around the Saturday night stay and booking restrictions of APEX/PEX tickets. This works best for people who commute or travel regularly between two cities. Let's say you work in Paris and visit Zurich on weekends. You buy two tickets, one at either end, Monday you fly to Paris on the first ticket and back to Zurich Friday on the

second ticket. The following Monday you use the return half of the second ticket and on Friday the return half of the first ticket. And so on. You thus save up to 50 percent on full economy fare.

- Air passes can offer major savings. SAS's Visit Scandinavia air pass covers domestic flights within Denmark, Sweden and Norway, plus international services in the three countries. Passes are available to residents of most European countries. In Britain, for example, you can buy one coupon for £30, and two for £100. Additional coupons (maximum six) cost £40 each. Each coupon is valid for one flight sector. You must buy an APEX/PEX ticket on SAS to Scandinavia.

- When it comes to car rentals, savvy travelers never pay the walk-up rate. A lot of people can get discounts through companies and club memberships. But the best deals are nondiscountable business/leisure rates that you book in advance for rental abroad. Major firms offer much the same. Hertz and Avis have Business Class; Europcar Interrent has Business Drive and Budget has Business Traveler. Leisure deals worth looking for are Hertz Europe on Wheels, Affordable Europe (for North Americans) and Europcar's Super Drive. Always look for promotions. For example, Hertz has a special rate for Spain valid to March 31. A group A car booked from France is 28 percent lower than the normal Europe on Wheels rate — 1,407 francs (about \$240) per week, unlimited mileage, taxes and insurance. Major firms offer one-way rentals (often without drop-off charges) between major cities in Europe. One-way rental is a great way to bridge the gap with an APEX/PEX "open-jaw" ticket (fly to one city, return from another), possible in Europe within the same country. Fly to Paris, drive to Nice, and fly back from there.

AT A GLANCE: GOOD TRAVEL DEALS



Carrier/Hotel	Location	Deal
ALL-NIPPON AIRWAYS	To United States	First, business-class and full-economy passengers to New York and Los Angeles qualify for reduced rates at each city's Inter-Continental Hotel. Rate for New York is \$169 per night and Los Angeles \$125 per night. Until March 31. Business-class passengers to Los Angeles, New York and Washington will be upgraded to first class for the USAir portion of their journey which need not be on the same day as the ANA flight.
BEST WESTERN CARRIAGE INN	San Francisco	Suites for \$99 a night with a bottle of California champagne, chocolates and continental breakfast. Valid through February.
BRITISH AIRWAYS	United States to France	30-percent reduction on APEX fares for anyone over 60 (to commemorate 50th anniversary of D-Day) available from 17 U.S. gateways. Same discount for a companion of any age. For travel until Dec. 31.
CHOICE HOTELS	France	Savings of up to 55 percent off the rack rate at more than 100 hotels. From May 7 to 31.
HILTON	United States	Hilton HHonors members earn both double points (toward free nights) and double miles (toward free flights) for qualifying stays at participating hotels. Until March 31.
HYATT	Asia	40 percent off published room rates at 36 hotels and resorts in Asia/Pacific region. Until Feb. 28.
INTER-CONTINENTAL FORUM HOTELS	Europe	Discounted rates of up to 50 percent at many properties in the "Heart of the City" promotion. Until March 31.
RITZ-CARLTON	New York	Grand Celebration package for \$335 per night includes a welcome gift, continental breakfast for two, unlimited use of fitness center and a four-course dinner for two. Until March 31.
SABENA	London to Brussels	Skypass provides unlimited business-class travel for one month for £799 between Heathrow and Brussels/Antwerp plus London City to Brussels.
SAS	Worldwide	Members of EuroBonus frequent flier program based in Germany and Netherlands can claim a two-for-one when redeeming bonus points. Until March 20.
SAS	Beijing to Copenhagen	Business-class passengers get first night free and subsequent nights up to 60 percent off rack rate at SAS hotels in Copenhagen.
TWA	United States to Europe	Buy a full-fare ticket and upgrade to the next class. Ask for European Upgrade Offer.
UNITED AIRLINES	Paris to United States	Mileage Plus members earn double mileage from Paris to Chicago, Washington, Los Angeles and San Francisco. Until March 31.
UNITED AIRLINES	Britain to United States	Mileage Plus members earn double mileage on all trans-Atlantic flights. Until March 31. Extra bonus of 5,000 miles for flying on UA 901 at 8:30 A.M. from Heathrow to JFK. Until June 14.
VIRGIN ATLANTIC	London to New York/Miami	Round-trip economy fare for £229 for travel beginning before Feb. 28 and completed by March 31.
VIRGIN ATLANTIC	London to Hong Kong	First-time business class passengers booking round-trip earn 60,000 miles in frequent flier program, which entitles them to a free round-trip economy ticket to Hong Kong, or up to six round-trips to continental Europe with a partner airline.

Although the IHT carefully checks these offers, please be informed that some travel agents may be unaware of them, or unable to book them.

IN THE CLUBS

Hong Kong's Neptune: Nightlife Basics

By Kevin Murphy
International Herald Tribune

HONG KONG — Wearing by Hong Kong's pseudo-sophistication and steep prices for under-whelming entertainment? Well, the subterranean Neptune Disco, a nightclub for dancing types and sociologists alike, could be the answer.

Neptune, not to be confused with Neptune II, a nearby watering hole chameleoning attempting to cash in on a Hong Kong institution's good name, is relentlessly downmarket and relatively clean fun.

Many of Hong Kong island's more notable restaurants, bars and clubs cluster in Lan Kwai Fong, a small but sanitized nightlife ghetto creeping up the hill from the central business district. Area establishments range from stylish gay bars to basic beer parlors of varying pretensions, together serving up solid, if pricey, offerings of dinner, drink and dancing most nights of the week.

Four and five-star hotels, themselves an endangered species as spiraling real estate prices make their conversion into office space a real option for owners, also offer an array of bars and discos, heavy on the glitz.

Hotel hotspots run a gamut, encompassing places where one's grandparents might enjoy sipping a quiet sherry to trendy nightclubs where patrons keep cognac bottles on display.

For closet crooners, karaoke bars abound, particularly across the harbor in Kowloon, which has a bustling nightlife of its own. But those with high hopes for simple, low-rent entertainment will inevitably find themselves drawn toward the Wanchai district and places like the Neptune, whose entrance stairway is found along Lockhart Road, an often hazy memory for countless thousands of sailors who've docked in Hong Kong over the years.

Wedged amid home-decorating shops, restaurants and bars where bored dancers keep most of their clothes on, Neptune is a constant in a town ruled by change.

The band is almost always Filipino, playing a mishmash of songs once favorites in various corners of the world. Recent decor alterations go not much further than the posting of "No Gum Chewing" signs and changing of a few colored light bulbs.

Neptune sticks to the basics — one bar, a small dance floor and booths stretching into the low-ceilinged, dark reaches of the club; big music speakers and usually cold beer.

It's loud, smoky and dimly lit. Lighting fixtures spin dangerously low over the dance floor and under no circumstances will the tiny old Chinese gentlemen seated behind the bar stop counting money to mix a drink.

But the Neptune, one of the rare places in Hong Kong to go to dance, drink too much and stay up too late, is a genuine dive for people who like that sort of thing, a reminder of the time before Hong Kong became too self-important.

Neptune: no cover, 30 Hong Kong dollars (about \$3.85) for a bottle of beer. Tel: 527-5276.

THE ARTS GUIDE



Keith Haring whose works are on show in Rivoli, Italy.

Works from 1880 to 1926." Features late figurative paintings of the garden and Japanese bridge at Giverny, as well as Japanese woodblock prints, which were an important source of inspiration for Monet.

FRANCE

Paris
Centre Georges Pompidou, tel: 44-78-12-33, closed Tuesdays. Continuing/To March 28: "La Saison Vierge de Silva." 20 paintings and drawings, 20 sketches on paper for the windows of a church in Rheims, and 5 paintings by the artist's husband, Arad Szexnes, were accepted by the French government as payment of estate taxes. Continuing/To May 8: "La Ville: Art et Architecture en Europe 1870-1930." Paintings, drawings and photographs show how the European towns of today were planned, perceived and idealized by architects and artists.

Centre National de la Photographie, tel: 53-75-12-22, closed Tuesdays. To May 8: "Brassat Du Surrealisme a l'Art Informel." 160 photographs dating from the 1930s to the 1950s, including portraits of artist friends such as Picasso, Matisse and Chagall, and photographs of Paris, by day and by night.

Musee des Arts Decoratifs, tel: 42-80-32-14, closed Tuesdays. Continuing/To April 30: "La Faience de Delft." 200 tin-glazed earthenware pieces manufactured in the Dutch city of Delft in the 16th century.

Musee du Louvre, tel: 40-20-51-51, closed Tuesdays. Continuing/To April 18: "Egyptomania: L'Egypte dans l'Art Occidental 1750-1930." Egypt as a source of inspiration in all artistic domains.

GERMANY

Berlin
Amerika Haus Berlin, tel: (30) 211-07-59. To March 18: "Lewis Baltus: Rule Without Exception." A retrospective of the work of the American photographer. Including photographs of tract houses at the foot of the Rocky Mountains, the wastelands near San Francisco Bay and inner city parking lots.

Haus der Kultur der Welt, tel: (3) 97-87-04, closed Mondays. "Die Garten des Islam." The garden as a metaphor for paradise in Islamic carpets, textiles, miniatures and woodcarvings, from Indonesia to Africa.

Staatstheater Unter den Linden, tel: (30) 253-544-94. Cinema's "Il Sultano Segreto." Directed by Henning Brockhaus, conducted by Asher Fisch, with Gerd Wolf, Ernst Ben-Nun and Laura Alkin. March 1, 7, 8, 12 and April 6, 7, 14, 15 and 24.

Cologne
Oper der Stadt Köln, tel: (221) 221-8221. Verdi's "Rigoletto." Directed by August Everding, conducted by Michelangelo Veltri, with Elke Wilm Schulte, Leonora Vaduva and Franco Farina. March 2.

Frankfurt
Schauspielhaus, tel: (069) 29-98-82-0, open daily. To April 17: "Goldhelm, Schwart und Silberschatz." Gold helmets, swords and silver treasures represent 6,000 years of Ro-

mania's artistic heritage. These treasures, dating from 5,000 B.C. to 800 A.D., have never before been seen outside of Romania.

Munich
Kunststiftung Der Hypo-Kulturstiftung, tel: (89) 22-44-12, open daily. To April 24: "Bonner." 140 oil paintings, a screen and seven sculptures. Includes interior scenes, views from his house in Le Canet in southern France, still lifes, nudes and landscapes by the French Nabi painter (1867-1947).

Bayerische Staatsoper, tel: (89) 22-13-16. Wagner's "Der Fliegende Hollander." Directed by Henning von Gleier, conducted by Heinz Fricke, with Jassko Ryhanen/Matti Salminen/Jan-Hendrik Roederling, Julia Varady/Luana Devol. March 5, 6, 12, 18, June 9, 12 and 17.

ITALY

Centre National de la Photographie, tel: 53-75-12-22, closed Tuesdays. To May 8: "Brassat Du Surrealisme a l'Art Informel." 160 photographs dating from the 1930s to the 1950s, including portraits of artist friends such as Picasso, Matisse and Chagall, and photographs of Paris, by day and by night.

Musee des Arts Decoratifs, tel: 42-80-32-14, closed Tuesdays. Continuing/To April 30: "La Faience de Delft." 200 tin-glazed earthenware pieces manufactured in the Dutch city of Delft in the 16th century.

Musee du Louvre, tel: 40-20-51-51, closed Tuesdays. Continuing/To April 18: "Egyptomania: L'Egypte dans l'Art Occidental 1750-1930." Egypt as a source of inspiration in all artistic domains.

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travel to Malmö, Sweden, Hamburg and Tel Aviv.

Venice
Chiassa San Bartolomeo, open daily. Continuing/To May 1: "Il Tintoretto: Rappresentazioni Sacre nelle Chiese Veneziane." 15 religious pictures including "The Christening" and "The Last Supper" from the churches of San Polo and San Silvestro.

Museo Correr, tel: (41) 52-06-288. Continuing/To April 4: "Pietro Longhi." 50 paintings, 35 drawings and 14 prints by the 18th-century Venetian painter famous for his ironic description of Venetian life and manners.

JAPAN

Tokyo
Idemitsu Museum of Arts, tel: (3) 3213-9404, closed Mondays. To March 27: "Ink Paintings in the 16th and 18th Centuries." Paintings on folding screens and on paper, as well as works by Tokuji Hasegawa and Yusho Kaitoku.

National Museum of Western Art, tel: (3) 3828-5131, closed Mondays. Continuing/To April 3: "Great French Paintings from the Barnes Collection." Pictures selected from the collection of Dr. Albert C. Barnes in Philadelphia.

Tokyo Station Gallery, tel: (3) 3212-2485, closed Mondays. Continuing/To April 3: "Florentine Renaissance Drawings from Christ Church, Oxford." 100 drawings including works by Leonardo, Michelangelo and Raphael.

PORTUGAL

Lisbon
Teatro Nacional de São Carlo, tel: 346-9408. Bellini's "I Capuleti e i Montecchi." Conducted by Maurizio Benini, with Michèle Nakamaru, Jennifer Lammor and Jose Bros. March 13, 15, 17 and 19.

RUSSIA

St. Petersburg
Hermiteage, tel: (812) 311-3420. To April 17: "Morozov and Shchukin. Russian Collectors: From Monet to Picasso." The collection of the turn-of-the-century art patrons includes 120 masterpieces, among them the 13 paintings of "The Story of Psyche" by Maurice Denis.

SINGAPORE

Empress Place Museum, tel: 336-73-33, open daily. Continuing/To July 1994: "War and Peace: Treasures of the Warring States." An exhibition of Chinese bronze culture from the Warring States period (475-221 B.C.).

SPAIN

Madrid
Fundación Juan March, tel: 435-42-40, open daily. Continuing/To March 20: "Goya, Grabador." 288 Goya etchings, including "Los Desastres de la Guerra," about the horrors of the Napoleonic invasion, and "Caprichos."

UNITED STATES

New York
Metropolitan Museum of Art, tel: (212) 570-3581, closed Mondays. Continuing/To April 3: "Degas Landscapes." 61 pastels, monotypes and oil paintings by Degas, many inspired by his journey through Burgundy in 1890.

Metropolitan Opera, tel: (212) 3626000. Poulenc's "Dialogues of the Carmelites." Conducted by Ken Nagano with Dawn Upshaw, Teresa Stratas, Heidi Grant Murphy.

Rate the world's best restaurants with Patricia Wells.

The IHT's restaurant critic has set out on a rare and ambitious gastronomic journey, a search for the 10 best restaurants in the world.

She will be rating, in month-to-month articles, the top restaurants from region to region, and comparing them to one another.

Whether it's the best in dim sum, delicious but secret sushi bars or the finest of French tables, she will guide readers with articles about inexpensive restaurants as well as the grand ones in the world's major cities. She will also share her tips on how to select quality restaurants in unfamiliar territory.

Don't miss this series.

COMING MARCH 14TH
SPAIN



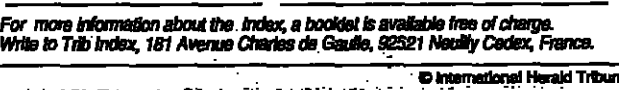
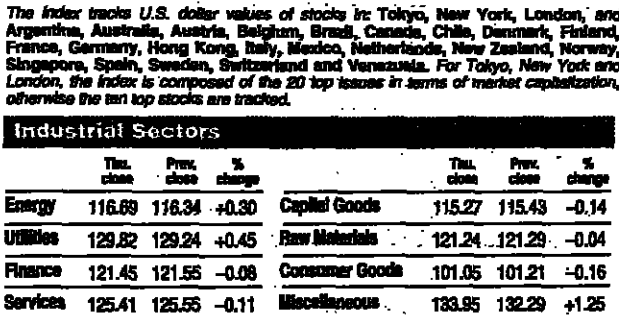
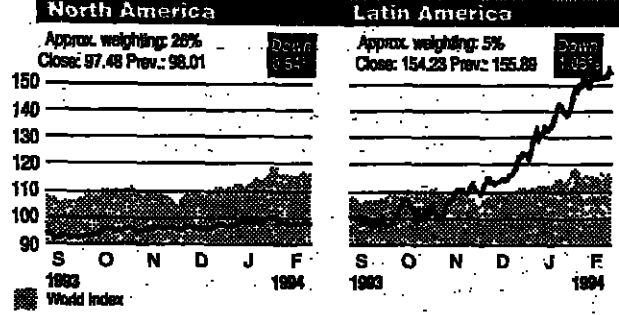
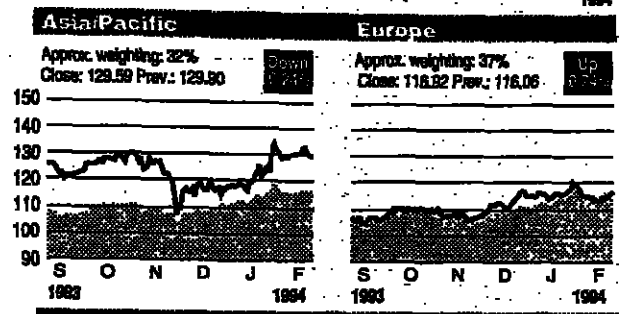
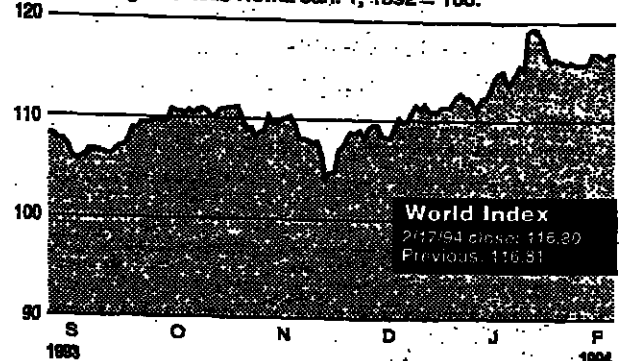
Patricia Wells is the author of *The Food Lover's Guide to Paris*, now in its third edition.

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THE TRIB INDEX: 116.80
International Herald Tribune World Stock Index, composed of 280 internationally investible stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and other major financial centers. The index is composed of the 20 top issues in terms of market capitalization, otherwise the ten top issues are tracked.

Industrial Sectors

By Leslie Eaton
New York Times Service

NEW YORK — In the mutual-fund business these days, every company wants to run a fund that invests in the often-quickly little stock markets in emerging markets, or what used to be called less-developed countries." According to Lipper Analytical Services, the number of emerging

For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92221 Neuilly Cedex, France.

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WALL STREET WATCH

Emerging Markets Funds: The Bandwagon Rolls On

By Leslie Eaton
New York Times Service

NEW YORK — In the mutual-fund business these days, every company wants to run a fund that invests in the often-quickly little stock markets in emerging markets, or what used to be called less-developed countries. According to Lipper Analytical Services, the number of emerging-markets equity funds has grown to 40, from just 22 a year ago, and more are in the offing.

But the combination of over-excited investors and inexperienced managers is worrying some old-timers in the emerging-markets game. A big concern: fund investors can get out at any time, but the funds themselves cannot.

This year, while some emerging-markets funds have soared — Brazil has jumped more than 60 percent in the last six weeks — many of last year's success stories have tumbled, including Hong Kong, which is down 3 percent after doubling last year. Turkey, Thailand and Malaysia have suffered double-digit losses.

When such markets plummet, investors may find it hard to bail out of their emerging-markets funds at an acceptable price — and maybe at all.

"There will come a day when everybody's heading for the exits at the same time, and there won't be an exit," said Mark Mobius, one of the founders of emerging-markets investing and a fund manager for the Franklin/Templeton group.

He is barnstorming the country right now, preaching about the minimum time horizon he thinks investors must have: five years.

Until recently, impatient investors did not find their way into emerging markets. Most such investing occurred through private partnerships or closed-end mutual funds.

But as some long-obsolete stock markets heated up in 1993 — Turkey zoomed over 200 percent, Malaysia 145 percent and the

See FUNDS, Page 13

U.S. Trade Fight Has Japan Turning Toward Asia

By Kevin Murphy

HONG KONG — Japan will accelerate its search for new markets and low manufacturing costs throughout Asia if trade friction with the United States escalates and the yen continues to strengthen, analysts said Thursday.

The more acrimony there is between the U.S. and Japan, the more we think Japan will turn toward Asia, said Enzo von Pfeil, chief regional economist at S.G. Warburg Securities in Hong Kong.

While countries such as Taiwan stand to gain if Japan further opens its markets, those countries are bracing for tougher trade negotiations of their own with a U.S. government driven by domestic demands.

"If the same illogic in trade relations with Japan is applied to other countries, there is a fear the disputes could become quite arbitrary," said Ajay Singh Kapur, chief economist with Peregrine Brokerage Ltd. in Hong

Kong. "Other countries will be asking, 'Who's next?'"

Washington's brinkmanship with Tokyo and the ensuing surge of the yen against dollar that underpins most other Asian currency values has wide-reaching consequences for regional investment and trade patterns.

In the short term, analysts said Washington's efforts to expand market access to Japan would mean higher costs for Asian countries reliant on Japanese imports if currency speculators continue to push the yen to lofty levels that economic fundamentals do not support.

Japan accounted for 49 percent of Hong Kong's retained imports in 1992. Corresponding figures for China were 33 percent; Malaysia, 30 percent; Thailand, 29 percent; Taiwan, 28 percent; Singapore, 27 percent, and South Korea, 23 percent.

"We haven't seen much substitution of American and European goods for Japanese exports in Asia based on price," Mr. Kapur said. "Traditional relations, lower

transport costs and government and are important factors in Japan's favor."

Several Asian countries also have substantial yen-denominated government debts, with Indonesia, Malaysia and China potentially facing higher repayments because of the currency turmoil that has accompanied Washington's hard-line challenge to Japan.

But one advantage of a strong yen for Asian exporters could be additional orders from Japan, where the recession has caused consumers to opt for value over the prestige of domestic brands.

Countries such as South Korea — Japan's closest competitor in the high-tech manufacturing and value-added consumer goods arena — also stand to win extra orders from North America and Europe.

China also could benefit from an unstable yen-dollar environment, Mr. Von Pfeil said.

But continued currency volatility and a strong yen threatens to undercut economic recovery in Japan and

weaken its role as a driving force in Asian economic development.

"Japan's ability to import Asian products and expand its direct investments in Asian economies is undermined at the levels the yen has now reached," said Mineko Sasaki-Smith, an economist with Morgan Stanley & Co. in Tokyo.

While Japan remains a major source of new funds for developing economies in China and Indonesia and for stock markets throughout the region, currency volatility threatens to slow the fixed investment flows. It also could prompt repatriation of money committed to dollar-linked securities.

"A chronically debilitated Japan is more of a liability than an asset to the rest of Asia," said Miron Mushkat, Lehman Brothers' chief Asian economist. "A strong yen assists Japan in investing further in Asia, but not

See TRADE, Page 13

Airbus Says U.S. Violated GATT

Compiled by Our Staff From Dispatches

PARIS — Airbus Industrie accused the United States on Thursday of violating provisions of the General Agreement on Tariffs and Trade in securing a \$6 billion aircraft order from Saudi Arabia.

A spokesman for Airbus, the European civil-aircraft consortium that was competing for the order, accused President Bill Clinton of "blatant political interference and leverage" in obtaining the business.

"We find it very strange that this order was announced at the highest political levels in the U.S. while we have yet to receive any response on our proposal," the spokesman said.

Saudi Arabia, at a White House news conference, said Wednesday it would buy 50 commercial jets from Boeing Co. and McDonnell Douglas Corp. to replace aging planes in the fleet of Saudi Arabia, the kingdom's official airline.

Industry analysts said a recent agreement by the United States to restructure \$9.2 billion of Saudi defense debt was a key to winning the commercial aircraft order for U.S. companies.

If that is the case, the United States may have violated Article Four of the GATT code, the Airbus spokesman said. That article bans inducements relating to "defense and national security policies and programs."

Airbus, a consortium of companies from Britain, France, Germany and Spain, noted that Mr. Clinton said in August that he had telephoned King Fahd of Saudi Arabia in support of the U.S. offer.

But France, where Airbus is based, also lobbied heavily for deals in Saudi Arabia. Prime Minister Edouard Balladur visited the kingdom last month in a bid to improve relations.

Saudi Arabia later placed a 9 billion franc (\$2 billion) order with French companies to modernize anti-aircraft missiles, frigates and supply ships.

Saudi Arabia has invited the U.S. manufacturers for detailed talks on March 20.

Diplomats have said the talks would center on the financing, which in turn would determine how the order would be split between Boeing and McDonnell Douglas.

Airbus said its offer for aircraft was still open and had been extended until March 1 at Saudi's request.

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O'Reilly's Next Big Play

Analysts Question U.K. Newspaper Bid

By Erik Ipsen

LONDON — Even for Tony O'Reilly, the last month has been extraordinarily busy. The dashing ex-rugby star, chairman and chief executive of H.J. Heinz Co., and chairman of Ireland's largest newspaper company has been jetting around the globe.

In South Africa last week, fresh off the plane from Japan and Australia, he was on hand for ceremonies marking his acquisition of 31 percent of that country's largest newspaper company, while in Britain his aides were upping the ante in the effort to take control of the publisher of the respected newspapers The Independent and The Independent on Sunday.

In a daring move, he snapped up 24.9 percent of its shares, paying a top price in the open market.

Such performances once drew gasps of admiration, but not this time. In Britain, analysts instead wondered why Mr. O'Reilly wanted any part of The Independent's unprofitable parent company, Newspaper Publishing PLC. For anyone without a strong local base, the newspaper "is more a vehicle for self-promotion than for making money," one London analyst said.

In America, the reaction was even harsher. "You get the feeling that he is only spending 25 percent of his time at Heinz," said William Leach, an analyst with Donaldson, Lufkin & Jenrette Securities Corp. in New York.

Fifteen years after Tony O'Reilly took over at Heinz and turned the sleepy Pittsburgh-based food group into an international force, the tide has turned. Once lauded as a superb manager and paid accordingly — in 1991 his salary, bonus and stock options at Heinz netted him \$75 million — he has seen the company stumble in recent years, wearing thin his once-gilded reputation.

In one of the kinder assessments of today's Tony O'Reilly, a Prudential Securities Inc. analyst in New York, John McMillin, said, "I think he is not as good as everyone says he is in the 1980s and not as bad as everyone says he is in the 1990s."

Many on Wall Street trace the problems with Heinz and with Mr. O'Reilly back at least three years. Then, as with a number of other food companies, Heinz's consistent record of earnings growth collided with stagnant markets.

Unlike his peers, however, Mr. O'Reilly continued to promise brighter long-term prospects. To make matters worse, they say, he delivered on that promise by selling assets and engaging in tax treatments of earnings that many regard as aggressive to the point of questionable.

"He has used more tax credits than I knew even existed," Mr. McMillin said.

In an interview, Mr. O'Reilly acknowledged what he called the "controversy" created by his accounting, but he said simply that it was the responsibility

of any good chief executive to take tax credits "where you can get them."

Still regarded as a brilliant raconteur and a speedster without equal in corporate America, analysts say the Irish-born Mr. O'Reilly may have been a victim of his own considerable achievements. "He kept expectations too high," Mr. Leach said. "He kept pretending that Heinz was doing better than it was."

Mr. O'Reilly rejected that accusation. Only "financial illiterates," he said, could fail to see in Heinz's admittedly complex set of accounts what its actual operating experience has been in difficult markets. He also hotly denied that his outside interests had proved too distracting.

"My commitment managementally speaking is 100 percent to H.J. Heinz," he insisted, pointing out that his status as Heinz's largest shareholder places his

You get the feeling that he is only spending 25 percent of his time at Heinz.

William Leach, analyst, Donaldson, Lufkin & Jenrette.

own interests solidly in line with those of the company.

If Mr. O'Reilly has been a victim of his own optimistic forecasts at Heinz, that pattern can also be seen in some of his other business interests.

In the early 1970s, Mr. O'Reilly set up in Dublin a company called Fitzwilliam PLC. By the mid-1980s, with investors such as John Kluge, then the richest man in America, the oil heiress Ann Getty and Saudi businessman Sulaiman Olayan, Mr. O'Reilly was billing Fitzwilliam as a future Kohlberg, Kravis, Roberts & Co. of Europe. Like that American pioneer in leveraged buyouts, Mr. O'Reilly said he envisioned Fitzwilliam doing "billion-dollar" deals.

It didn't work out that way. The company lost its way, said Kyrill McLaughlin, a director at Fitzwilliam's Dublin-based brokerage unit, Davies Stockbrokers. In the late 1980s, with huge debts and no profit, Fitzwilliam was forced to sell many of its assets.

Today, under the management of Kevin McGonnam, a former school chum of Mr. O'Reilly's, Fitzwilliam is on the mend. It owns 14.5 percent of Waterford Wedgwood PLC, of which Mr. O'Reilly is chairman, plus a large Irish food retailer. Once again, the talk is of great deals to come. "I think it is

See O'REILLY, Page 13

U.S. Trade Gap Widens 37% As Imports Soar

Compiled by Our Staff From Dispatches

WASHINGTON — The U.S. trade deficit grew 37 percent last year, to \$115.78 billion, and the deficit with Japan widened to a record \$59.80 billion, the Commerce Department said Thursday.

The trade gap widened from the 1992 figure of \$84.50 billion as both exports and imports set records, but imports grew twice as fast as exports.

The deficit with Japan widened 24 percent from 1992, passing the previous record of \$56.30 billion, set in 1987.

For December alone, the trade gap narrowed to \$7.41 billion from a revised November figure of \$9.68 billion, reflecting a jump in U.S. shipments of civilian aircraft and a decline in America's bill for imported oil.

In other economic news Thursday, the Labor Department reported that inflation turned in an unexpectedly good performance in January, with the consumer price index staying flat for the first time in more than four years.

Excluding food and energy, the so-called core index was up 0.1 percent, its smallest increase since an identical rise in September.

Many analysts had expected about a 0.3 percent advance in January, fueled in part by a cold winter and the demand for energy. But energy costs dropped 0.8 percent, continuing their decline over most of 1993. Food prices also were down, their first decline since June.

The Labor Department said the last time its consumer price index was unchanged from the previous month was in August 1989.

A third report showed that the number of Americans filing first-time claims for unemployment benefits had risen by 5,000 last week to 371,000, the highest since Jan. 29.

The U.S. government has been pressing Japan to buy more American products to try to close the trade gap. Although talks aimed at lowering Japan's import barriers collapsed last week, Tokyo announced Thursday it was putting together a package of market-opening measures in hopes of averting a trade war with the United States.

The White House press secretary, Dee Dee Myers, said, "It remains critical to us that we open Japanese markets." She added, "It's hard to explain continually why the trade deficit with Japan remains high year after year."

But private economists said that even if the United States were to remove all Japan's trade barriers, its trade deficit would still widen for at least two more years because of the worldwide imbalance in economic performance.

With the U.S. economy growing more rapidly than those of its major trading partners, Americans' appetite for imported goods will continue to be bigger than the demand for U.S. products abroad.

After Japan, China ran the largest trade surplus with the United States, at \$22.7 billion, also a record.

The United States had a trade deficit of \$280.1 million with Western Europe, after showing a surplus of \$6.4 million in 1992.

The only major region where the United States posted a trade surplus was Central and South America, at \$562 million. It also had surpluses of \$155.6 million in trade with Mexico and \$829.7 million with Canada.

America paid \$50.18 billion for imported oil in 1993, a decrease of 0.7 percent from the year before that was due only to lower prices; the quantity of petroleum imported rose 10.4 percent.

(AP, AFP)

Volvo and Renault Decide to Go Separate Ways

By Jacques Neher

International Herald Tribune

PARIS — Two months after a shareholder revolt forced Volvo AB to call off its planned marriage with Renault SA, the Swedish and French companies said Thursday they would take back their engagement rings and be free to pursue their individual destinies.

Analysts were surprised at the speed of the decision to unwind a complex cross-shareholding agreement originally put together in 1990. They said it appeared to leave Volvo in a favorable position while clearing obstacles that had threatened to block the privatization of Renault planned for this year.

Volvo's shares rose 2.2 percent Thursday in Stockholm, closing at 692 kronor (\$86.05), up 15.

The companies said they had agreed to surrender their holdings

in each other's car and truck units but would retain minority stakes in the parent companies. Analysts, however, said Volvo and Renault would probably also liquidate those stakes as soon as possible.

"Renault and Volvo would again have the necessary freedom of action to pursue their own cooperative ventures," Renault said. Volvo shareholders' objections caused the two companies in December to abandon a plan to merge their car-making operations.

Volvo's chief executive, Soeren Gyll, said the accord would give Volvo "the freedom to plan and work out our own future," adding that it now could fully use the positive cash flow being generated by Volvo's car and truck units.

Volvo, the French government and Renault agreed to terminate their 1990 shareholders' agreement as well as their technical and industrial cooperation agreement.

Certain projects and cooperative activities, such as joint purchasing, will continue, as will commercial cooperation involving marketing of passenger cars in certain markets, Volvo said.

"Although the strategic and financial links with Renault are ending, I hope that, in the future, we will be able to work together on a number of projects in various areas of common interest," Mr. Gyll said. "We have great respect for Renault's experience and competence in our industry."

The accord is to be carried out in two stages. Volvo first will give back its 45 percent stake in Renault V.I., the French concern's truck division, in return for Renault's 25 percent stake in Volvo Car Corp. No cash would be exchanged.

In the second step, Volvo is to pay cash for Renault's 45 percent of Volvo Truck Corp., with the actual amount to depend on results of the privatization of Renault.

If the transaction is carried out at the time of privatization and the privatization occurs before Nov. 30, the amount would correspond to the proceeds Volvo would pocket by selling a 12 percent block of Renault shares on the open market. Volvo owns 20 percent of Renault.

If Renault's privatization is not carried out by Nov. 30, Volvo could buy the stock for 4.5 billion French francs (\$766 million) between then and mid-1996.

Analysts said the accord appeared to favor Volvo not by what it stated but by what it omitted, in that it would leave Volvo holding 8 percent of Renault, and Volvo would probably become the largest shareholder in Renault after its privatization.

"Volvo has been left with a chunk of one of Europe's volume carmakers," Edmund Chew, an automotive analyst at Nomura Research in London, said.

Analysts say the 8 percent block might be worth around 3 billion francs.

At the same time, Renault said the dismantling of the alliance would not affect its 3.45 percent stake in Volvo, which it said would "continue to be managed as an investment in a listed company."

But analysts predicted the shares would be sold soon.

"Renault doesn't have shares in listed companies," John Lawson, an automotive analyst at DRI/McGraw Hill, said. "I expect it to sell the stock in quite a short time, depending on stock prices."

CURRENCY & INTEREST RATES

Cross Rates									
	\$	DM	F	Y	£	S	Y	CS	Other
Australian	1.045	1.225	1.225	1.225	1.225	1.225	1.225	1.225	1.225
Belgian	36.36	36.36	36.36	36.36	36.36	36.36	36.36	36.36	36.36
British	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Canadian	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
French	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55
German	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Italian	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Japanese	160.9	160.9	160.9	160.9	160.9	160.9	160.9	160.9	160.9
Swiss	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
U.S.	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Other									
Eurocurrency Deposits									
	1 month	3 months	6 months	9 months	12 months	18 months	24 months	36 months	48 months
London	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
Frankfurt	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
Paris	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
Other									
Key Money Rates									
	1 month	3 months	6 months	9 months	12 months	18 months	24 months	36 months	48 months
London	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
Frankfurt	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
Paris	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
Other									
Forward Rates									
	1 month	3 months	6 months	9 months	12 months	18 months	24 months	36 months	48 months
London	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
Frankfurt	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
Paris	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
Other									

Targeting Global Growth, Coke Lifts Spending

Bloomberg Business News

ATLANTA — Coca-Cola Co. said Thursday that it would increase its quarterly dividend by 15 percent and raise its capital spending this year by about 50 percent from 1993, mainly to expand its international operations.

The world's largest maker of soft drinks raised its quarterly dividend to 19.5 cents a share, or 78 cents on an annual basis, from 17 cents. Coca-Cola shares rose 37.5 cents, to \$41.75, on the New York Stock Exchange.

Coca-Cola also said its capital spending budget for 1994 was \$1.2 billion, up from \$800 million in 1993.

The dividend increase will cost Coca-Cola about \$1 billion, although it falls to bring the stock's yield above 2 percent a year, at the current price. The dividend will be paid on April 1 to shareholders of record on March 15. Coca-Cola said it has boosted its dividend for 32 consecutive years.

Almost three-quarters of Coca-Cola's 1994 capital spending budget, or about \$875 million, is allocated to international operations. About \$200 million is earmarked for emerging markets in China and Eastern Europe, including the Czech Republic, Hungary, Poland, Slovenia, Albania, Bulgaria and Romania.

Coke derives about two-thirds of its profit from its overseas operations.

North American soft drink operations will absorb 21 percent of the \$1.2 billion outlay, with the remaining 6 percent allocated to Coca-Cola Food's beverage business.

"Our 1994 capital budget reflects our determination to reinvest aggressively against the substantial soft-drink growth opportunities around the globe and to capitalize on the fact that our return on capital of 31 percent is nearly three times greater than our weighted cost of capital of 11 percent," said Coca-Cola Chairman Roberto Goizueta.

Coca-Cola is allocating a large chunk of its capital spending this year to share up its operations in emerging markets, which provided much of the company's growth in recent years.

"Recently opened emerging markets continue to experience explosive growth," Mr. Goizueta said last month. "In emerging markets like East Central Europe, China and India, we have only scratched the surface of consumption potential of huge population centers."

The company's Northeast Europe/Middle East group turned in a 21 percent unit case volume gain in the fourth quarter of 1993, while operating income surged 41 percent.

China, where Coca-Cola is investing \$500 million to beef up operations, continues to offer the company's strongest growth, posting a 34 percent surge in sales in the quarter.

For all of 1993, Coca-Cola earned \$2.2 billion, or \$1.68 a share, up 17 percent from \$1.7 billion, or \$1.43. The 1993 results reflect charges, including a change in the company's accounting practices.

Coca-Cola worldwide case sales in 1993 increased 5 percent, to \$10.7 billion, an increase of more than \$500 million and the equivalent of more than two cases for every person on Earth.

Figgie Suspends Dividend

Figgie International Inc.'s stock lost 15 percent of its value on Thursday after the conglomerate disclosed a preliminary turnaround plan that may include selling divisions and retaining some past financial statements, Bloomberg Business News reported from Wilmington, Ohio.

The company also suspended its quarterly dividend of 6 cents a share, saving \$4.5 million annually, and elected Walter M. Vannoy, former vice chairman of McDermott International Inc., as a vice chairman.

Figgie's class A shares fell \$1.875, to \$10.875, in heavy trading. The stock fell to as little as \$10.75 during the day.

CIT Group, a lender, gave the cash-strapped company some breathing room by announcing a \$40 million renewable one-year loan. The company is working on a long-term financing package with its lenders, Figgie said.

MARKET DIARY

Inflation Worries Drag Down Stocks

Compiled by Our Staff From Dispatches

NEW YORK — The stock market dropped on Thursday after a round of inflation jitters sent the 30-year Treasury bond to the highest yield since Aug. 4.

The price of the benchmark long bond fell 1 point, to 96 3/32, in late

Federal Reserve Board's timetable for raising interest rates.

U.S. Surgical Corp. led the New York Stock Exchange's active list, dropping 2 1/2 to 18 1/2 after the company lost a legal battle with its biggest rival Wednesday, said it tapped out its credit lines and warned of a greater-than-expected fourth-quarter loss.

PaineWebber lowered its rating on the maker of medical supplies to unattractive from neutral, and Goldman Sachs cut its rating to underperformer.

An initial offering from Martin Marietta Materials was snuffed up, with that stock the second-most actively traded. The construction materials manufacturer offered 7.65 million shares at \$23, and the issue finished at 24 1/2.

Boeing and McDonnell Douglas reaped the benefits of Wednesday's announcement that Saudi Arabia would split a large commercial aircraft order between the two companies. Boeing was the third-most active stock on the Big Board, rising 1 1/2 to 47 1/2. Boeing also got a boost from a buy recommendation from CS First Boston.

McDonnell Douglas rose 1 to 119 1/2.

Glaxo's American depository receipts rose 1/2 to 20 1/2 in active trading.

(Knight-Ridder, Bloomberg)

N.Y. Stocks

trading, with the yield rising to 6.54 percent, up from 6.46 percent Wednesday. The move sent shivers through Wall Street and took the Dow Jones industrial average down 14.63 points, to 3,922.64.

Losers led gains by a 10-to-7 ratio on the New York Stock Exchange in active trading.

The inflation worries were prompted by remarks from Jerry Jordan, the president of the Cleveland Federal Reserve Bank, who cautioned against interpreting current U.S. data as an indication low inflation would continue indefinitely.

His remarks came after the government released its consumer price index for January, which showed subdued inflation. That data sent bond prices higher, but Mr. Jordan's remarks and another, less reassuring report on inflation from the Philadelphia Federal Reserve slammed prices.

Rising inflation could speed the

Dollar Closes Mixed As Mark Strengthens

Compiled by Our Staff From Dispatches

NEW YORK — The dollar ended lower against the Deutsche mark Thursday despite a surprise rate cut by the Bundesbank, but the currency gained against the yen on signs that U.S.-Japanese trade tensions might be easing.

Win Thin, an analyst at MCM

In late trading, the dollar was quoted at 1.7222 DM, down from 1.7236 DM at Wednesday's close, but at 104.20 yen, up from 103.80.

The currency also rose to 1.4565 Swiss francs from 1.4543 francs, but it was down to 5.8645 French francs from 5.8665. The pound rose to \$1.4800 from \$1.4770.

Mr. Thin said the Swiss franc started to come back against the dollar after the head of the Swiss National Bank, Markus Lusser, indicated that an imminent cut in Swiss interest rates after the Bundesbank move was unlikely.

The dollar gained against the yen on a market assessment that Japan was likely to make further concessions to the United States over trade and after the U.S. government reported a smaller-than-expected trade deficit with Japan for December, Mr. Thin said.

If Japan makes trade concessions, or if trade tensions between Washington and Tokyo ease for other reasons, the reasoning goes, U.S. officials would no longer be tempted to try to push the yen higher to narrow the trade deficit with Japan.

(Bloomberg, AFX, Knight-Ridder)

Foreign Exchange

CurrencyWatch, said a combination of profit-taking on the dollar's initial rise and buying of the mark on the view that the cut in the discount rate would help the struggling German economy had undone the knee-jerk gains the dollar made on news of the German central bank's action.

The Bundesbank cut the discount rate — the central bank's cheapest form of financing for commercial banks — half a percentage point, to 5.25 percent. But it left the influential repo rate at 6 percent and the Lombard rate at 6.75 percent. The Bundesbank generally uses the repo rate to guide money-market interest rates between the discount rate and the Lombard rate.

Via Associated Press

Feb. 17

The Dow

Daily closings of the Dow Jones industrial average

Index	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
1993	2,847.47	2,958.10	3,068.40	3,178.70	3,289.00	3,399.30	3,509.60	3,619.90	3,730.20	3,840.50	3,950.80	4,061.10	4,171.40	4,281.70	4,392.00	4,502.30	4,612.60	4,722.90	4,833.20	4,943.50	5,053.80	5,164.10	5,274.40	5,384.70	5,495.00	5,605.30	5,715.60	5,825.90	5,936.20	6,046.50	6,156.80	6,267.10	6,377.40	6,487.70	6,598.00	6,708.30	6,818.60	6,928.90	7,039.20	7,149.50	7,259.80	7,370.10	7,480.40	7,590.70	7,701.00	7,811.30	7,921.60	8,031.90	8,142.20	8,252.50	8,362.80	8,473.10	8,583.40	8,693.70	8,804.00	8,914.30	9,024.60	9,134.90	9,245.20	9,355.50	9,465.80	9,576.10	9,686.40	9,796.70	9,907.00	10,017.30	10,127.60	10,237.90	10,348.20	10,458.50	10,568.80	10,679.10	10,789.40	10,899.70	11,010.00	11,120.30	11,230.60	11,340.90	11,451.20	11,561.50	11,671.80	11,782.10	11,892.40	12,002.70	12,113.00	12,223.30	12,333.60	12,443.90	12,554.20	12,664.50	12,774.80	12,885.10	12,995.40	13,105.70	13,216.00	13,326.30	13,436.60	13,546.90	13,657.20	13,767.50	13,877.80	13,988.10	14,098.40	14,208.70	14,319.00	14,429.30	14,539.60	14,649.90	14,760.20	14,870.50	14,980.80	15,091.10	15,201.40	15,311.70	15,422.00	15,532.30	15,642.60	15,752.90	15,863.20	15,973.50	16,083.80	16,194.10	16,304.40	16,414.70	16,525.00	16,635.30	16,745.60	16,855.90	16,966.20	17,076.50	17,186.80	17,297.10	17,407.40	17,517.70	17,628.00	17,738.30	17,848.60	17,958.90	18,069.20	18,179.50	18,289.80	18,399.10	18,509.40	18,619.70	18,730.00	18,840.30	18,950.60	19,060.90	19,171.20	19,281.50	19,391.80	19,502.10	19,612.40	19,722.70	19,833.00	19,943.30	20,053.60	20,163.90	20,274.20	20,384.50	20,494.80	20,605.10	20,715.40	20,825.70	20,936.00	21,046.30	21,156.60	21,266.90	21,377.20	21,487.50	21,597.80	21,708.10	21,818.40	21,928.70	22,039.00	22,149.30	22,259.60	22,369.90	22,480.20	22,590.50	22,700.80	22,811.10	22,921.40	23,031.70	23,142.00	23,252.30	23,362.60	23,472.90	23,583.20	23,693.50	23,803.80	23,914.10	24,024.40	24,134.70	24,245.00	24,355.30	24,465.60	24,575.90	24,686.20	24,796.50	24,906.80	25,017.10	25,127.40	25,237.70	25,348.00	25,458.30	25,568.60	25,678.90	25,789.20	25,899.50	26,009.80	26,120.10	26,230.40	26,340.70	26,451.00	26,561.30	26,671.60	26,781.90	26,892.20	27,002.50	27,112.80	27,223.10	27,333.40	27,443.70	27,554.00	27,664.30	27,774.60	27,884.90	27,995.20	28,105.50	28,215.80	28,326.10	28,436.40	28,546.70	28,657.00	28,767.30	28,877.60	28,987.90	29,098.20	29,208.50	29,318.80	29,429.10	29,539.40	29,649.70	29,760.00	29,870.30	29,980.60	30,090.90	30,201.20	30,311.50	30,421.80	30,532.10	30,642.40	30,752.70	30,863.00	30,973.30	31,083.60	31,193.90	31,304.20	31,414.50	31,524.80	31,635.10	31,745.40	31,855.70	31,966.00	32,076.30	32,186.60	32,296.90	32,407.20	32,517.50	32,627.80	32,738.10	32,848.40	32,958.70	33,069.00	33,179.30	33,289.60	33,399.90	33,510.20	33,620.50	33,730.80	33,841.10	33,951.40	34,061.70	34,172.00	34,282.30	34,392.60	34,502.90	34,613.20	34,723.50	34,833.80	34,944.10	35,054.40	35,164.70	35,275.00	35,385.30	35,495.60	35,605.90	35,716.20	35,826.50	35,936.80	36,047.10	36,157.40	36,267.70	36,378.00	36,488.30	36,598.60	36,708.90	36,819.20	36,929.50	37,039.80	37,150.10	37,260.40	37,370.70	37,481.00	37,591.30	37,701.60	37,811.90	37,922.20	38,032.50	38,142.80	38,253.10	38,363.40	38,473.70	38,584.00	38,694.30	38,804.60	38,914.90	39,025.20	39,135.50	39,245.80	39,356.10	39,466.40	39,576.70	39,687.00	39,797.30	39,907.60	40,017.90	40,128.20	40,238.50	40,348.80	40,459.10	40,569.40	40,679.70	40,790.00	40,900.30	41,010.60	41,120.90	41,231.20	41,341.50	41,451.80	41,562.10	41,672.40	41,782.70	41,893.00	42,003.30	42,113.60	42,223.90	42,334.20	42,444.50	42,554.80	42,665.10	42,775.40	42,885.70	42,996.00	43,106.30	43,216.60	43,326.90	43,437.20	43,547.50	43,657.80	43,768.10	43,878.40	43,988.70	44,099.00	44,209.30	44,319.60	44,429.90	44,540.20	44,650.50	44,760.80	44,871.10	44,981.40	45,091.70	45,202.00	45,312.30	45,422.60	45,532.90	45,643.20	45,753.50	45,863.80	45,974.10	46,084.40	46,194.70	46,305.00	46,415.30	46,525.60	46,635.90	46,746.20	46,856.50	46,966.80	47,077.10	47,187.40	47,297.70	47,408.00	47,518.30	47,628.60	47,738.90	47,849.20	47,959.50	48,069.80	48,180.10	48,290.40	48,400.70	48,511.00	48,621.30	48,731.60	48,841.90	48,952.20	49,062.50	49,172.80	49,283.10	49,393.40	49,503.70	49,614.00	49,724.30	49,834.60	49,944.90	50,055.20	50,165.50	50,275.80	50,386.10	50,496.40	50,606.70	50,717.00	50,827.30	50,937.60	51,047.90	51,158.20	51,268.50	51,378.80	51,489.10	51,599.40	51,709.70	51,820.00	51,930.30	52,040.60	52,150.90	52,261.20	52,371.50	52,481.80	52,592.10	52,702.40	52,812.70	52,923.00	53,033.30	53,143.60	53,253.90	53,364.20	53,474.50	53,584.80	53,695.10	53,805.40	53,915.70	54,026.00	54,136.30	54,246.60	54,356.90	54,467.20	54,577.50	54,687.80	54,798.10	54,908.40	55,018.70	55,129.00	55,239.30	55,349.60	55,459.90	55,570.20	55,680.50	55,790.80	55,901.10	56,011.40	56,121.70	56,232.00	56,342.30	56,452.60	56,562.90	56,673.20	56,783.50	56,893.80	57,004.10	57,114.40	57,224.70	57,335.00	57,445.30	57,555.60	57,665.90	57,776.20	57,886.50	57,996.80	58,107.10	58,217.40	58,327.70	58,438.00	58,548.30	58,658.60	58,768.90	58,879.20	58,989.50	59,099.80	59,210.10	59,320.40	59,430.70	59,541.00	59,651.30	59,761.60	59,871.90	59,982.20	60,092.50	60,202.80	60,313.10	60,423.40	60,533.70	60,644.00	60,754.30	60,864.60	60,974.90	61,085.20	61,195.50	61,305.80	61,416.10	61,526.40	61,636.70	61,747.00	61,857.30	61,967.60	62,077.90	62,188.20	62,298.50	62,408.80	62,519.10	62,629.40	62,739.70	62,850.00	62,960.30	63,070.60	63,180.90	63,291.20	63,401.50	63,511.80	63,622.10	63,732.40	63,842.70	63,953.00	64,063.30	64,173.60	64,283.90	64,394.20	64,504.50	64,614.80	64,725.10	64,835.40	64,945.70	65,056.00	65,166.30	65,276.60	65,386.90	65,497.20	65,607.50	65,717.80	65,828.10	65,938.40	66,048.70	66,159.00	66,269.30	66,379.60	66,489.90	66,600.20	66,710.50	66,820.80	66,931.10	67,041.40	67,151.70	67,262.00	67,372.30	67,482.60	67,592.90	67,703.20	67,813.50	67,923.80	68,034.10	68,144.40	68,254.70	68,365.00	68,475.30	68,585.60	68,695.90	68,806.20	68,916.50	69,026.80	69,137.10	69,247.40	69,357.70	69,468.00	69,578.30	69,688.60	69,798.90	69,909.20	70,019.50	70,129.80	70,240.10	70,350.40	70,460.70	70,571.00	70,681.30	70,791.60	70,901.90	71,012.20	71,122.50	71,232.80	71,343.10	71,453.40	71,563.70	71,674.00	71,784.30	71,894.60	72,004.90	72,115.20	72,225.50	72,335.80	72,446.10	72,556.40	72,666.70	72,777.00	72,887.30	72,997.60	73,107.90	73,218.20	73,328.50	73,438.80	73,549.10	73,659.40	73,769.70	73,880.00	73,990.30

Bayer Branches Into American Generic Drugs

Compiled by Our Staff From Dispatches

LEVERKUSEN, Germany — Bayer AG said Thursday its U.S. unit, Miles International Inc., would buy a 28 percent stake in the U.S. generic drug maker Schein Pharmaceuticals Inc. for \$310 million.

"Our strategy is to safeguard and expand our position as one of the world's leading pharmaceutical companies," said Manfred Schneider, the chairman of Bayer. "We must therefore also become a force in the generics market, which has above-average growth rates, especially in the U.S."

Bayer said Schein would continue to operate independently

and with existing management, but the deal allows Bayer's Miles unit to gradually increase its holding in Schein.

The first stage of the deal will involve cooperation between Miles and Schein in product development, production, distribution and marketing in the United States.

Schein, a privately held company that produces and markets more than 350 drugs and that reported sales of \$400 million in 1993, is considering an initial public offering in the near future, Bayer said.

Schein employs 1,700 and has plants in Carmel, New York, Danbury, Connecticut and Phoenix, Arizona.

Bayer's move into the generics market follows a similar action by its rival Hoechst AG, whose U.S. unit bought 51 percent of Copely Pharmaceuticals Inc. in November for \$346 million.

"It's the way these companies must go if they want to compete," said Peter Ziemann, chemicals analyst at DB Research, in Germany and other countries, healthcare reforms and budget restrictions favor inexpensive generic drugs over the brand-name originals.

"It's been known for a while that Bayer was looking to move into generics," said Thomas Schiesle, an analyst at Deloitte & Co. Private Bankers in Frankfurt. "But it remains to be seen whether this move will pay off better than Hoechst's."

Copely's shares have stumbled since Hoechst acquired its stake, under pressure when it was forced to recall an asthma inhalant found to be contaminated with bacteria.

"Copely is a lot less today than the \$346 million Hoechst paid for it," Mr. Ziemann said.

TCI Unit Buys Into ITV Firm

Reuters

LONDON — Flextech PLC, the British arm of Telecommunications Inc., took a 20 percent stake in the Welsh broadcaster ITV Group PLC on Thursday.

Analysts said Flextech's link with ITV, although a relatively small deal of £27 million (\$40 million), could be the start of a trend toward links between established independent television companies and broadcasters in the new cable and satellite market. There has recently been a spate of deals among the regional British ITV broadcasters.

Flextech has interests in or manages 11 cable or satellite channels broadcasting to Britain and Continental Europe.

Market's a Hit in Warsaw Lines Are Still Long, But There Is Sugar

By Jane Perlez

New York Times Service

WARSAW — As recently as four years ago, shopping for food in Warsaw was a daily struggle of endurance and cunning: standing in lines, making deals, scouring the neighborhoods for scarce sugar.

So the arrival this month of the first huge supermarket — with shopping carts, parking for 600 cars and enough variety at cheap prices to impress even a jaded Westerner — marked the beginning of a revolution.

Hit, a German supermarket chain owned by Dohle Handelsgruppe SD Franchising GmbH, opened for business in a renovated 10,000-square-meter factory in the working-class suburb of Wola. Ever since, lines have stretched outside the shiny glass automated doors as a mix of families and sightseers waited to try the new world of shopping.

Hit has been jammed beyond capacity — 1,500 shoppers at a time — forcing the managers to stagger entry.

"This is quite relaxing," Magda Kowalczyk said as she eased her cart through the wide aisles, looking at the cornucopia of cooking oils, local and imported cheeses, enough breakfast cereal to confuse the best-informed consumer and outsized bags of bargain pet food. "I like to be able to get everything under one roof. It saves time. I'll be able to shop once a week instead of every day."

For other shoppers, the exotica of some offerings provided the thrill.

"It was the first time my daughter had seen a pineapple," said Katarzyna Mikrowska, who traveled 50 miles to see the store. Mrs. Mikrowska said that, like most Poles, she shopped almost daily. "I have a very small refrigerator, but this bulk shopping looks very convenient."

The opening of the supermarket, which the management said would be followed by another in Warsaw within six months, explains a lot about the changing times in Poland.

About four years ago, the most adventurous shopping in Warsaw was at street stalls run by enterprising travelers who went to Germany and brought Western goods back in their bags. Then small shops blossomed as new entrepreneurs with enough savings or enough nerve took over dark state-run stores and replenished the shelves.

The supermarket's arrival represents a jump in the development of a consumer society in Poland, indicating that enough urban consumers have the buying power to justify such a large store. It also

shows that Polish producers can supply goods at a steady pace and package them to Western European standards.

Some smaller, upscale markets opened in Warsaw by Austrian and Norwegian companies emphasize Western European goods, but 80 percent of Hit's products are Polish.

From a social point of view, the acceptance of one-stop shopping suggests that more Poles are settling into a Western way of life where time means money, or at least time is too valuable to be spent running daily from the butcher to the grocer. Hit managers say that price is the big lure and convenience and glamor are secondary.

'I like to be able to get everything under one roof. It saves time.'

Magda Kowalczyk, a shopper at Poland's first large supermarket.

"When people see they can buy more and cheaper here, they will keep coming back," said Dieter Schlebusch, the store's manager, who was overseeing the bustle at the 29 cash registers.

Sugar, which was rationed in the 1980s, was on sale for about 18 cents a pound, about 25 percent less than elsewhere. Gritter baby food, which is expensive by Polish standards, was 40 cents a jar, 20 percent less than in other stores. And the Polish corn flakes in Mrs. Kowalczyk's cart were 17 percent cheaper than at her local store.

In the first week, purchases were fairly modest. Many retirees bought 20 pounds of sugar and not much more. Others tried a few canned goods. Even one relatively wealthy shopper was cautious: Josef Niemetz, 29, a wrestling champion who came with his wife and daughter, said his family would shop daily for milk and meat at their neighborhood store.

Hit's managers said they felt the store was off to a roaring start. Even Hit's approach, new for Poland, of buying directly from producers and bypassing wholesalers, seems to be working well. "We came to Poland because we think the country will have a good economic future," said Kurt Dohle, the head of Hit's parent company. "And people all over the world like to buy goods cheaply."

Glaxo Posts £1 Billion In Profit

Compiled by Our Staff From Dispatches

LONDON — Glaxo Holdings PLC reported record first-half profit Thursday of £1 billion (\$1.48 billion), higher than expected, and analysts raised their forecasts of full-year earnings.

Glaxo, Europe's largest pharmaceutical concern, said pretax profit rose 22 percent in the six months ended Dec. 31, as revenue also advanced 22 percent, to £2.80 billion.

The results were helped by currency gains, but sales were up 13 percent after excluding such gains, about twice the growth rate of the industry as a whole over the period.

Glaxo shares jumped more than 3 percent, closing at £6.98, up 22 pence, on London's stock exchange.

Analysis had been expecting pretax profit of £980 million or less. Nigel Barnes of the Hoare Govett brokerage house said he planned to raise his forecast of Glaxo's pretax profit for the year to £1.95 billion or more from £1.91 billion.

The one disappointment in the results concerned the ulcer drug Zantac, the world's best-selling medicine, which appeared to be running out of steam after 12 years on the market. With £1.20 billion in sales, Zantac still accounted for 43 percent of revenue, but its underlying growth rate, excluding foreign-currency gains, was only 5 percent.

Glaxo's chief executive, Sir Richard Sykes, said the company had made plans to improve its position in the United States, where competition is intensifying in the health-care market.

Analysis said Glaxo was expected to announce a relationship in the next few months with one or more American pharmaceutical companies and a pharmacy benefit management company to compete with Merck & Co. after its recent takeover of Medco Containment Services Inc. (Reuters, NYT, APX)

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2400	3200	2400
2200	3000	2200
2000	2800	2000
1800	2600	1800
1600	2400	1600
1400	2200	1400
1200	2000	1200
1000	1800	1000
800	1600	800
600	1400	600
400	1200	400
200	1000	200
0	800	0
1993	1993	1993
Exchange	Index	Thursday Close
Amsterdam AEX	432.91	+0.30
Brussels Stock Index	7,710.95	+0.36
Frankfurt DAX	2,128.72	+0.37
Frankfurt FAZ	619.31	+0.02
Helsinki HEX	1,942.50	+0.97
London Financial Times 30	2,839.90	+0.22
London FTSE 100	3,425.30	+0.22
Madrid General Index	343.28	+0.58
Milan MIB	1,082.00	+0.56
Paris CAC 40	2,261.16	+0.74
Stockholm Aftersvaerden	1,857.33	+2.44
Vienna Stock Index	491.74	+0.30
Zurich SBS	1,060.51	+0.19

Sources: Reuters, AFP

Very briefly:

- Lyonaise Communications, a unit of Lyonaise des Eaux Dumez SA, France Telecom. Compagnie Luxembourgeoise de Télédiffusion and TFI expect to launch a pay-per-view television channel in May.
- Lyonaise des Eaux said that the television network M6, in which it holds a major stake, will be taken public this spring.
- Bayerische Motoren Werke AG and Honda Motor Co. executives are to meet in Tokyo later this month to discuss the future of Honda's relationship with Rover Group. Honda holds a 20 percent stake in Rover and unsuccessfully bid to raise its stake to 47.5 percent. British Aerospace PLC said last month it had decided to sell 80 percent of Rover to BMW.
- Kraemer A/S, the Norwegian shipbuilding and industrial conglomerate, said its pretax profit surged 41.5 percent in 1993, to a record 1.32 billion kroner (\$172 million), and predicted strong earnings again in 1994. It cited good results in shipbuilding and energy operations.
- Dutch unemployment rose to an average of 480,000 in the three months ended in January, the highest level since 1987. The unemployment rate for the period was 7.5 percent, up from 5.8 percent a year ago.
- Kleinwort Benson Group, the British merchant bank, said pretax profit rose 148 percent to £111.7 million (\$165 million), and said all divisions had contributed to the rise. (Reuters, AFP, Bloomberg)

O'REILLY: Stock Analysts Find Heinz Chief's Bid for The Independent of Britain a Questionable Pursuit

Continued from Page 11

on the threshold of doing important things," Mr. O'Reilly said. "I keep Mr. O'Reilly applied of the company's progress, Mr. McGowan factors the minutes of each week's executive meeting. He follows that up with a phone call on Saturdays to Mr. O'Reilly's home."

It is a reporting pattern almost identical to the one followed by Liam Healy, the chief executive of Mr. O'Reilly's other Irish enterprise, Independent Newspapers PLC. Unlike Fitzwilliam, though, Independent Newspapers ranks as a huge success. Its papers, which range from down-market tabloids to quality broadsheets, dominate every one of their markets.

Analysis landed Independent Newspapers' new stake in the expanding

South African market, where Mr. O'Reilly's personal friendship with Nelson Mandela played a key role, and its acquisition last week of a small London-based owner of advertising papers. But they expressed doubts concerning the company's pursuit of Newspaper Publishing.

In the face of those doubts, Mr. Healy steadfastly insisted that in the hands of experienced newspaper owners, Newspaper Publishing could be nudged back to profitability.

"We feel it can be brought back to profit and its days of glory," he said. But in the contest for Britain's Independent, Mr. O'Reilly faces an opponent that many people agree has commercial logic on its side. It is a consortium consisting of the company's founders plus El Pais of Spain and La Repubblica of Italy, who together already own 47 percent of the company. With Britain's Mirror Group PLC, they are seeking to buy the

The business logic of the transaction hinges on the consortium's ability to cut costs by combining such operations as printing and advertising with those of Mirror Group.

Mr. Healy maintained that those savings would come at the expense of the newspaper's greatest asset, its political independence, because of the link with the left-leaning Mirror Group. He insisted he could cut enough costs and market the paper vigorously enough to turn it around.

Mr. O'Reilly said his interest in the struggling British newspaper stems from neither altruism nor ego. He said he was not even sure he would take either of the two board seats his group is currently seeking.

Furthermore, he said he saw profit looming in the future. "It is a slow buck, but an honest and an honorable buck," he said. Mr. O'Reilly also sits on the board of Washington Post Co., which owns half of the International Herald Tribune.

IBM Scraps Low-End Line

Compiled by Our Staff From Dispatches

PARIS — International Business Machines Corp. is closing its European Ambra business to focus on its own brand-name products, IBM Europe said Thursday.

"Increased competition from our own IBM products have taken over the positions of Ambra in Europe," IBM said. IBM said Ambra had about 1 percent of Europe's low-end computer market. It plans to withdraw the products from Europe on March 31, although the U.S. Ambra business will not be affected. "IBM has recognized that the low-end market is so fiercely competitive that sales depend on big marketing pushes," said Steve Brazier, an analyst at Dataquest Inc. in Britain. "And IBM doesn't want to push two product lines." (Bloomberg, Reuters)

FUNDS: Investors Keep Flocking Into Emerging-Market Mutual Funds

Continued from Page 11

Philippines 134 percent — the mutual-fund business jumped on the bandwagon.

One year ago, the Boston behemoth Fidelity Investments changed the name of a tiny fund to Fidelity Emerging Markets. By the end of the year, the fund had \$1.9 billion in its coffers. Despite a sharp sell-off in many emerging markets in January, which has put the fund in the red this year, its assets now top \$2 billion — almost as big as Sri Lanka's entire stock market.

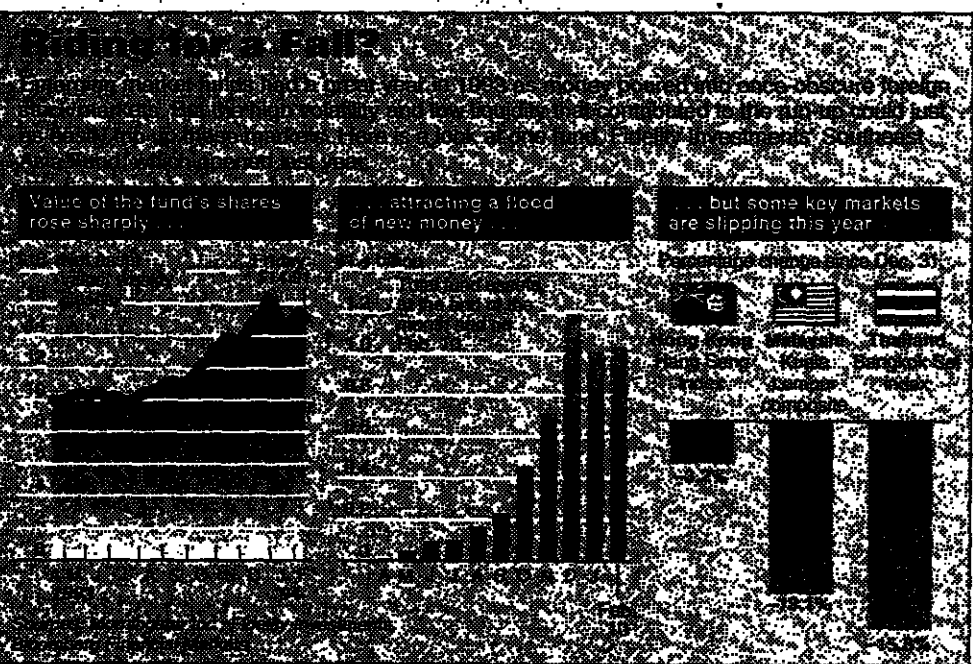
Emerging-market investment gurus remain enthusiastic about the long-term outlook for countries whose economies are growing far faster than America's or Western Europe's. But they concede that they are investing in stock markets, and that markets are vulnerable to all kinds of problems.

For example, the Hungarian stock market surged about 80 percent in January as Western investors plunged in. It then lost almost 20 percent of its value in a matter of days, and has now bounced back a bit.

The biggest victim of its own success right now may be India. Managers report that it takes weeks, if not months, to buy or sell a stock, and requires a mountain of paperwork. Sometimes it is just impossible. Over the last few years, Indian stock markets have closed for days because of strikes, explosions or scandals.

India may be an extreme case, but it is not alone. A recent survey of investment managers by the Chicago consulting firm Ennis, Knapp & Associates, found that many managers are so concerned about liquidity that they have held back on investing in South Africa, Indonesia, Taiwan, Chile, India and Turkey.

Liquidity — the ability to buy or sell a stock quickly and easily, without



Sony, Pioneer Scarred by Yen And Recession

Compiled by Our Staff From Dispatches

TOKYO — Weak economies in Japan and Europe and the strength of the yen brought poor third-quarter earnings figures from Sony Corp. and Pioneer Electronic Corp. on Thursday, with the latter company issuing a bleak forecast for the rest of the current financial year.

Sony said its net income tumbled 38 percent in the quarter ending Dec. 31, to 16.80 billion yen (\$162 million) from 27.13 billion yen (\$262 million) in the same quarter last year. Net income in the latest quarter tumbled 77 percent, to 1.12 billion yen from 4.91 billion yen, while pretax income slid 74 percent, to 3.00 billion yen from 10.90 billion yen, a 16 percent, to 139.85 billion yen.

Pioneer, which specializes in audio and video equipment, attributed its poor results to the rising yen, weak demand in Japan and Europe and increased competition. It slashed its estimate for parent-company profit for the year that ends March 31 to 600 million yen from a previous estimate of 4.70 billion yen and far lower than the 10.74 billion it earned last year. It trimmed its sales forecast to 328 billion yen from a previous estimate of 349 billion yen and 382.82 billion yen for a year ago.

Sony also projected weaker results for all of this year than last,

but it blamed disappointing U.S. box-office revenue at its films unit. Sony said overall sales this year would fall 7 percent, to 3.72 billion yen, net profit would drop 45 percent, to 2.0 billion yen. It said, however, that pretax income would rise 8 percent, to 100 billion yen.

The yen's rise during the quarter shaved 132 billion yen off consolidated sales, Sony said. But the currency's recent advance is unlikely to affect the current quarter, as Sony has hedged its entire foreign-exchange exposure in the three months to March at 108 yen to the dollar.

Executives said a turnaround of the company's electronics division sales in Japan was the brightest sign during the latest quarter. Even though Japan's audio-visual industry sales fell from the year before, pushing Pioneer and other competitors, Sony's sales of all products except camcorders improved.

Sony's two entertainment divisions turned in mixed results. Music sales jumped 9.1 percent, to 152.27 billion yen, but the movie division, hurt by poor U.S. results for movies such as *Last Action Hero*, sagged 13 percent, to 86.18 billion yen. Music sales were boosted by hit albums from Pearl Jam, Mariah Carey, Gloria Estefan and Billy Joel.

Sales of other products, notably semiconductors and information-related equipment such as CD-ROM drives, jumped 10 percent, to 204 billion yen.

(AP, AFX, Reuters, Bloomberg, AFP)

Panda Looks Past the Television

Chinese Manufacturer Seeks to Expand in New Lines

NANJING, China — Long a purveyor of no-frills television sets, Panda Electronics Co. is now trying to travel with a fast crowd in the fiercely competitive global telecommunications industry.

In June, Panda hopes to launch a public offering in the Hong Kong stock market to raise as much as \$40 million for its expansion into the satellite-dish manufacturing and mobile telephone businesses.

The company is an offshoot of Panda Electronics Group, which makes short-wave radios and satellites for the Chinese military. The parent's consumer businesses were separated and folded into Panda Electronics in 1992.

Now, the offshoot has some big ambitions of its own. "We hope to gradually build a large company and represent China's electronics industry globally," its vice president, Zhang Youxi, said.

That may be a difficult goal. But the company, based in the coastal province of Jiangsu, says it already had one-sixth of China's color television market and 10 percent of its videocassette-recorder market last year.

"Panda's televisions are very popular among Chinese people, and their technology is not bad," said a manager at Matsushita Beijing, the Chinese affiliate of Matsushita Electric Industrial Co.

The company has a price advantage because of the 65 percent tariff Beijing slaps on television imports. For instance, a Panda 21-inch television carries a price of 2,600 yuan (\$300), while an imported Japanese set costs more than 4,000 yuan.

Panda's television business helped its revenue surge from 900 million yuan in 1990 to 2.5 billion yuan in 1993, when profit hit 170 million yuan, according to the company.

But the days of that kind of growth may be coming to an end. For one thing, Panda's price edge could vanish if Beijing lowers its tariffs and trade restrictions on foreign electronics

gadgets, as it presumably must do to join the General Agreement on Tariffs and Trade.

"If Panda just stays in the TV market, the outlook is not that bright," Elizabeth Cheng, an analyst at Wardley James Capel, said. "As China struggles to join GATT, it's going to lower import tariffs, and local producers will lose out to Japanese ones because of brand-name premiums."

Even without tariffs coming down, Panda will still face increased competition from foreign companies that have ventures in China. In a nation of 1.2 billion people, there are only about 200 million television sets, according to China's Electronics Ministry. The gov-

"If Panda just stays in the TV market, the outlook is not that bright."

Elizabeth Cheng, analyst at Wardley James Capel

ernment forecast consumers would buy 20 million new television sets in 1994.

Such numbers have already attracted Philips NV of the Netherlands, which in 1990 set up a venture to make televisions in Suzhou Province. In addition, the South Korean electronics giant Samsung Electronics Co. recently started making VCRs in the northern port city of Tianjin.

What is more, Panda's promising start in mobile telephones, where it is one of only two major domestic players, is already under assault from the likes of Motorola Inc., which started selling its hand-held mobile phones in China this year.

On the other hand, "the market is very big; it can't be filled by just one supplier," said

Maggie Zhang, an account manager with Motorola.

China's crackdown on private sales of satellite dishes represents yet another threat to Panda Electronics' growth prospects. Last year, Panda sold 5,000 of the small dishes, in China and abroad, that allow consumers to pick up satellite television services.

Worried about the impact of Western media, Beijing has effectively banned sales of satellite dishes to individuals. Housing complexes and businesses can buy satellite dishes, but only after receiving government approval.

That is why the moves into mobile phones and satellites are so important for the company. Each now represents about 5 percent of the company's revenue, and they are its fastest-growing businesses.

To advance its position in the mobile telephone market, Panda has hooked up with LM Ericsson AB of Sweden, which was impressed by the company's factories.

"I've seen a number of electronics factories in China, and I think Panda is the best," Hans Ekstrom, president of Ericsson China, said. He said some of the Panda technical staff employed in the venture with Ericsson had gained expertise on the company's military communications equipment contracts.

Panda will be able to survive alongside foreign mobile-phone suppliers if it concentrates on large, cheap handsets, he said. "I think they can succeed, but still they will need more time to do it," he said.

Here, too, the potential is vast. The number of mobile phone users in China is expected to triple during the next two years to 2 million, according to government surveys.

Motorola and others will be chasing that business as well. But if Panda can keep up, it will have a shot at fulfilling its dream of representing China in one of the world's fastest-growing markets.

Investor's Asia

Exchange	Index	Thursday Close	Prev. Close	% Change
Hong Kong Hang Seng		10,786.50	10,634.10	+1.43
Singapore Straits Times		2,343.01	2,341.38	+0.07
Sydney All Ordinaries		2,840.90	2,849.00	-0.36
Tokyo Nikkei 225		18,931.39	19,052.11	-0.63
Kuala Lumpur Composite		1,072.14	1,081.13	-0.83
Bangkok SET		1,445.20	1,429.11	+1.13
Seoul Composite Stock		920.38	920.43	-0.01
Taipei Weighted Price		5,905.49	5,862.83	+0.73
Manila Composite		3,036.74	3,034.97	+0.06
Jakarta Stock Index		564.69	574.82	-1.76
New Zealand NZSE-40		2,224.81	2,311.92	+0.56
Bombay National Index		1,882.10	1,857.93	+1.30

Sources: Reuters, AFP International Herald Tribune

Very briefly:

- **Fujitsu Ltd. and Hewlett-Packard Co.** plan to integrate their large-scale telecommunications networks, according to Japanese press reports, with Fujitsu's switching and service-management systems running on Unix-based Hewlett-Packard workstations.
- **Petron Corp., the Philippines' largest oil refiner and retailer,** said it was reconsidering its plan to include international investors in an initial public offering of 30 percent of its shares planned for May, its president, Monico Jacob, said, the company would make a decision by next week.
- **National Australia Bank Ltd.** said it had sold 30.6 million shares, or 2.3 percent, of Australia & New Zealand Banking Group Ltd. at 5.65 Australian dollars (\$4.00) a share and had arranged to sell its remaining 2.2 percent stake, the bank previously said it wanted to acquire regional banks in Britain and the United States.
- **China** had a trade deficit of \$900 million in January, its Customs Department announced, as exports rose 14 percent from a year earlier, to \$4.8 billion, but imports surged 42 percent, to \$5.7 billion.
- **Lockheed Corp.** will reduce its holding in the Malaysian aerospace company Airod Sdn., to 30 percent from 49 percent, to allow greater local participation. Airod's executive chairman, Nasrudin Bahari, said.
- **India's banking system** was hit by a one-day strike by 650,000 employees, called to protest a government decision to close or merge branches of public-sector banks.

Bloomberg, AFP, Reuters

China Reviews Real Estate Tax

Bloomberg Business News

HONG KONG — China will review its controversial new tax on profits from real estate sales, analysts said.

"When the new regulations are revealed in March, there will likely be a string of exemptions which will ensure the law is aimed at property speculators and not developers," said Steven Li, a tax adviser with Ernst & Young.

China announced that starting Jan. 1 it would take up to 67.34 percent of capital gains on all property sales.

China's Regulators Outgunned in War on Fraud

Agence France-Press

BEIJING — As China struggles to establish rules to govern securities trading, blatant fraud and insider dealing on the country's fledgling stock markets are going largely unpunished.

Supervisory bodies exist, such as the China Securities Regulatory Commission, set up in October 1993. But a lack of legislative support and of cooperation among government agencies has left them floundering in the face of corruption.

The commission has only 100 staff, few of whom have any practical training. It receives hundreds of complaints every day, but

by the end of 1993, formal decisions had been reached on only about a dozen cases.

"The problem is that we have no single coherent framework," a senior Chinese official involved in implementing guidelines on securities trading said.

"The government issued regulatory guidelines in May last year, but responsibility for implementing them is shared between the CSRC and other government agencies, which have their own vested interests," the official said.

Insider trading, involving Communist Party officials and local bureaucrats as well as companies, is

prevalent on China's two formal stock exchanges set up in 1991 in Shanghai and Shenzhen.

Fraud is similarly widespread, with numerous cases of individuals obtaining the securities numbers of other people and using them, backed up with fake identification, to quickly sell the unsuspecting investors' stocks at throwaway prices.

Other parties involved in the supervision of securities trading in China include the State Planning Commission, the Ministry of Finance, the People's Bank of China and the State Commission for Restructuring the Economy.

Disagreements among the vari-

ous groups and unwillingness to coordinate their efforts have served to further water down the impact of anti-fraud regulations passed in May 1993 that some analysts say were never more than a stopgap remedy in any case.

"The regulations were basically issued for propaganda purposes so that the government could say they existed," a Western banker in Beijing said.

Many hopes are now being pinned on a national securities law, drawn up in consultation with several other countries and foreign organizations, that is to be promulgated this year.

But many analysts say that the new law, while incorporating some legislation against fraud, will be more concerned with establishing a framework for stock-market operations and that specific measures to fight activities such as insider trading will come later.

According to Norman Givant, an American lawyer based in Shanghai, the law will focus on curbing the spread of informal stock markets, transforming state-run enterprises into shareholder-owned companies and regulating access to markets.

Insider trading, he said, "has not been as much of a concern to date as it should be."

German Spice Maker Sold To Australia's Burns Philp

Bloomberg Business News

SYDNEY — Burns Philp & Co., a diversified Australian food company, said Thursday it became the second-largest spice maker in Europe with the acquisition of Germany's Karl Schmid GmbH.

Burns Philp said it bought the German company from its founder, Karl Schmid, for 182 million Deutsche marks (\$105 million) plus working capital.

The acquisition will give Burns Philp 10 percent of the herb and spice market in Western Europe and 36 percent of that market in Germany, which is worth about 500 million DM a year.

It also will lift Burns Philp's worldwide spice sales by 25 percent, the company said. The purchase is subject to review by the Federal German Cartel Office.

In the United States, Burns Philp markets brands such as Fleischmann's Yeast and Spice Island. Its U.S. operations are now bigger than those in Australia.

Luxury Hotels Sprout In Ho Chi Minh City

Reuters

HO CHI MINH CITY — Dominique R. Nordmann is glad he put hamburger on the menu of his newly opened hotel, the Ormi Saigon.

When it opened for business on Feb. 1, he described 1994 as the year of the "big bang" for Vietnam's hotel industry, referring to the opening of big hotels of international standard in Ho Chi Minh City, the country's main business center.

Three days later, U.S. President Bill Clinton lifted a 30-year-old trade embargo on Vietnam, paving the way for an influx of American business visitors as well as U.S. investment in the hotel industry, short of top-class accommodation.

With U.S. investors will come American management companies, industry sources said.

The first with its name on the fencing of a site in downtown Ho Chi Minh City, formerly

Saigon, is Ramada International Hotels & Resorts, which plans a three-star, 388-room hotel of 20 stories due for completion in 1997. Marriott International Inc. and Holiday Inn Worldwide are also exploring opportunities, the sources said.

This year, however, Asian and European companies are leading a boom that is changing the face of Ho Chi Minh City and bringing competition to a market once dominated by state-owned hotels.

Ho Chi Minh City welcomed a record 485,000 foreign business executives and tourists last year. Taiwanese, French and Japanese were the biggest national groups — and estimates 700,000 will visit this year.

The Ormi Saigon, managed by Hong Kong-based Ormi Hotels Asia-Pacific, a subsidiary of Wharf (Holdings) Ltd., is a 248-room, four-star hotel aimed at the business market.

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Herald Tribune

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(Continued From Page 10)

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SPORTS

For Seles, Still Shaken by Stabbing, the Struggle Is Now in the Mind

Compiled by Our Staff From Dispatches

Monica Seles, once the world's top-ranked women's tennis player, "will not be ready to play tennis again in the near future" because she is still mentally unfit to return to the court, according to her agent.

Seles, 20, has not played in a tournament since she was stabbed by a spectator during a match in Hamburg on April 30. She is not entered in any tournaments this year.

Since last summer, when she underwent rehabilitation at the Steadman-Hawkins Clinic in Vail, Colorado, Seles has used therapy sessions and conversations with other recovered stabbing victims to attempt to come to terms with an experience that she still regards as a brush with assassination. And it continues to debilitate her.

So far, Seles has not been able to recoup the physical and mental equilibrium she deems necessary to cope with a return not only to competition, where she expects top-echelon performances from herself, but also to the tournament sites themselves.

The fact that she was left so vulnerable during an actual match has wreaked havoc on one of her most lethal competitive weapons: her mental toughness.

Seles, who has won eight Grand Slam titles and had been ranked No. 1 for almost two years at the time she was attacked, is continuing her rehabilitation at her home in Sarasota, Florida.

Although she is practicing without pain, the emotional recovery has been slower, said her agent, Stephanie Tolleson of International Management Group.

"Monica has spent the past few months focusing on her physical rehabilitation," Tolleson said in a statement on Wednesday. "However, there are still emotional issues resulting from the stabbing attack."

The speculation about Monica's return to the tour heights as the draw for each week's tournament is announced, and Monica does not want to mislead anyone, she added. "She is not entered in any tournaments this year, and she does not know when she will be able to return."

Although Seles' advisers would not confirm it, there is reason to believe that her reluctance to return is spurred in part by an illness suffered by her father.

Also, her emotional state apparently was unsettled by the assault on Nancy Kerrigan, which prompted the media to revive details of the attack on Seles.

"This press release did use the word emotional, but she's not going crazy," a source said. "Mentally, she just goes

back and forth. The Kerrigan attack set her back, not when it seemed random, but when it was proved there was some nut again who could get to an athlete."

"All of a sudden, people were linking

Seles is practicing without pain, but the emotional recovery has been slower.

Kerrigan with Monica's accident and Monica had deliberately avoided watching all that stuff," the source added. "Then she turns on the TV and there's the tape of the attack, which she had never watched. And she opened up the

cover of Newsweek and there was a picture of her with her tongue hanging out."

Seles was attacked last year during a quarterfinal match against Magdalena Maleeva in Hamburg. As Seles fell to the ground holding her left shoulder blade, the authorities wrestled with the attacker, Günther Parche, 38, who was wielding a serrated kitchen knife.

Parche, a German, later told the police that he had not wanted to kill Seles, but had hoped to hurt her so that his hero, Steffi Graf, could assume the No. 1 ranking, which Seles held from September 1991 to June 1993.

Parche was given a two-year suspended sentence in October but may stand trial again on a state appeal.

Graf rose quickly to the No. 1 spot. On Monday, Seles was dropped from the world rankings for the first time since

1988 because she had no tournament activity on the professional circuit in the previous 52 weeks.

For months, the tennis community has hoped Seles would return and bring excitement back to the women's game, which has been dominated by Graf.

Seles was not available to comment Wednesday, nor was Graf, who was en route to California, where she is scheduled to play in a tournament next week.

But Graf's agent, Phil de Picciotto, said he did not think Seles' announcement was meaningful.

"Monica has never given a timetable for her return," he said. "I think it was just other people's best guesses, educated or not."

In Seles' absence, Graf has won all four major women's tournaments — the French Open, Wimbledon, the U.S.

Open and the Australian Open. Seles had won the previous four.

Peter Bodo, a journalist who interviewed Seles last month for an article to be published in the March issue of Tennis magazine, said he thought she was "in no hurry to play."

In the article, Seles said her priorities had changed since the stabbing.

"So when I play tennis again, I have to play it for the right reason," she said. "I don't want to play to get my No. 1 ranking back. I don't want to play for the attention, or to earn more."

"I don't even want to play because the world wants to see me do it, even though it's nice to know that the world is interested," she added. "I only want to play because I love the game, which is the reason I began to play at age 7 in the first place."

(WP, NYT, AP)

The Way to Stay No. 1 for Arkansas Is All in the Shots

The Associated Press

Good shooting cures everything, according to Coach Nolan Richardson of Arkansas. And, some tough defense doesn't hurt.

On Jan. 8, Richardson's Razorbacks were ranked No. 1 in the Associated Press college basketball poll when they went to Tuscaloosa, Alabama. Arkansas shot 35 percent from the field — 25 percent from 3-point range — and lost by two.

On Wednesday night, the Razorbacks were ranked No. 1 again.

COLLEGE BASKETBALL

This time, Arkansas, playing at home, made 46 percent of its shots — almost 42 percent from 3-point range — and won, 102-81.

At the half, Arkansas led, 42-35. In the second half, Corliss Williamson was 5 of 8, Scotty Thurman 4 of 6 and Al Dillard 5 of 9. Williamson scored 12 of his 20 points, Thurman all of his 13 and Dillard 14 of his 16 during the final 20 minutes. The Razorbacks are 19-2 overall and 9-2 in the West Division of the Southeastern Conference. Alabama is 13-8 and 8-4 in the SEC West.

Oklahoma St. 63, No. 4 Kansas 59; Brooks Thompson tied it with a jumper with 10 seconds left in regulation and won it with two free throws with 10 seconds left in OT as the Cowboys (17-7, 6-3 Big Eight) snapped a five-game losing streak to the visiting Jayhawks (21-4, 6-3).

No. 6 Duke 84, Virginia 54; Grant Hill dominated the team that held him to four points earlier in the season by scoring 25 points, grabbing 11 rebounds, handing out five assists and blocking four shots for the Blue Devils (18-3, 9-3 Atlantic Coast Conference). Jason Williams' 14 points led the visiting Cavaliers (13-8, 7-5).

No. 7 Michigan 89, Iowa 76; The Wolverines (18-4, 10-2 Big Ten) extended their conference lead and won their seventh straight. Juwan Howard had 24 points, nine rebounds and six assists as Michigan beat the Hawkeyes (9-11, 3-8) at home for the 13th straight year.

No. 9 Purdue 67, No. 24 Wisconsin 64; Glenn Robinson had 27 points and 16 rebounds as the Badgers (21-3, 9-3 Big Ten) withstood a late 3-point barrage by the visiting Badgers (15-6, 6-6).

No. 12 Missouri 79, Iowa State 72; In Ames, Iowa, Jevon Crudup scored eight of Missouri's 14 points in overtime after struggling most of the game. Missouri (19-2, 10-0 Big Eight) never trailed in the overtime. Iowa State (11-10, 1-8) had the final two shots in regulation, but Jason Kimbrough missed from the top of the key and Crudup blocked Sam Jackson's follow.

No. 13 Temple 65, St. Bonaventure 56; The Owls (18-4, 11-3 Atlantic 10) prevailed on the road without Coach John Chaney, who was suspended one game for his threats against the Massachusetts coach, John Calipari, on Sunday. Eddie Jones had 24 points as Temple beat the Bonnies (9-12, 3-8) for the 23rd consecutive time.

No. 17 Florida 91, Georgia 79; The Gators (20-4, 10-2 Southeastern Conference East) hit the 20-victory mark for the fifth time in school history. Craig Brown and Dan Cross each scored 21 points for Florida. Dathon Brown led the visiting Bulldogs (11-12, 5-6) with 18 points.

No. 23 Cincinnati 78, No. 18 Saint Louis 73; The Bearcats (17-7, 5-4 Great Midwest) beat the Billikens for the fifth consecutive time as they dominated inside late. Scott Highmark led visiting Saint Louis (19-3, 5-3) with 27 points.

No. 20 Minnesota 94, Penn St. 66; In Minneapolis, Voshon Leonard matched his season high with 30 points and Randy Carter added 20 points and 10 rebounds as the Golden Gophers (15-7, 6-4 Big Ten) won their fourth straight conference game. John Amaechi had 14 points for the Nittany Lions (10-10, 3-8).

Tulane 66, No. 21 Alabama-Birmingham 60; The Green Wave (13-9) beat a ranked team for the first time in five tries this season as LeVedro Simmons scored 16 points. Clarence Thrash had 15 points for the visiting Blazers (18-5).



THAMES IN A TANK — Members of the Oxford University Rowing Club practicing Thursday in a tank that simulates river conditions. The Oxford crew is preparing for the annual boat race on the Thames against Cambridge University's crew next month.

SCOREBOARD

NBA Standings

EASTERN CONFERENCE

Atlantic Division	W	L	Pct	GB
New York	34	15	.694	—
Orlando	28	24	.539	5 1/2
Miami	24	28	.459	9 1/2
New Jersey	23	29	.441	10
Boston	20	29	.407	13 1/2
Philadelphia	20	29	.407	14
Washington	15	33	.312	18 1/2

Central Division

	W	L	Pct	GB
Houston	35	13	.729	—
San Antonio	36	14	.720	—
Utah	32	18	.640	4
Denver	23	26	.469	12½
Minnesota	15	32	.319	19½
Dallas	6	43	.122	29½
Pacific Division				
Seattle	36	10	.783	—
Phoenix	32	15	.681	4½
Golden State	28	20	.583	9
Portland	25	21	.571	9½
LA Lakers	16	30	.375	19
LA Clippers	17	30	.362	19½
Sacramento	16	33	.327	21½

WESTERN CONFERENCE

Midwest Division	W	L	Pct	GB
Houston	30	17	.636	—
San Antonio	30	17	.636	—
Utah	28	18	.609	2 1/2
Minnesota	23	24	.489	7 1/2
Dallas	15	32	.319	15 1/2

Pacific Division

GOOD FOR YOU, HONEY...
AND WHERE WOULD
THAT BE?

WEDNESDAY'S RESULTS

Houston 91, Charlotte 78	20 25 21 21	17
Charlotte 81, Orlando 78	25 18 21 25	102
H: Oklahoma 122-44, 30, Erie 64-55, 18, C: Hawks 9-13 3-5 25, E: Johnson 6-24 18, Roberts—Houston 44 (Oklahoma 12, Charlotte 50 (Hawks 14), Atlanta—Houston 19 (Miami 4), Charlotte 38 (Rockets 13), Atlanta 18 25 21 25—102	25 18 21 25	102
M: Rice 7-17 6-22, Smith 8-14 8-23, C: Phoenix 9-13 3-5 25, E: Johnson 6-24 18, Roberts—Houston 44 (Oklahoma 12, Charlotte 50 (Hawks 14), Atlanta—Houston 19 (Miami 4), Charlotte 38 (Rockets 13), Atlanta 18 25 21 25—102	25 18 21 25	102

Major College Scores

East	West
American U. 84, James Madison 78	Arkansas 102, Alabama 81
Connecticut 78, Colgate 69	Oklahoma St. 63, Kansas 59
Georgetown 69, Pittsburgh 65	Rice 84, Texas Christian 65
Holy Cross 76, Lafayette 70	Stephen F. Austin 75, Oral Roberts 44
La Salle 85, Detroit Mercy 67	Texas A&M 52, Houston 47
Marquette 84, Fairfield 64	Texas Tech 78, Southern Methodist 76
Morehead St. 75, Marshall 65	Temple 65, St. Bonaventure 56
North Carolina 78, Wake Forest 70	Wagner 76, Fairleigh Dickinson 54
Ohio St. 75, N. Carolina St. 70	
St. Mary's 82, Santa Clara 65	
South Carolina 78, Auburn 65	
Texas Tech 78, Southern Methodist 76	
Wake Forest 70, North Carolina 78	
West Virginia 78, Miami 63	
Williamson 78, Miami 63	

HOCKEY

NHL Standings

Eastern Conference	Western Conference
NY Rangers	W 17 L 7 Pct .708
New Jersey	W 17 L 7 Pct .708
Philadelphia	W 17 L 7 Pct .708
Pittsburgh	W 17 L 7 Pct .708
Washington	W 17 L 7 Pct .708
Calgary	W 17 L 7 Pct .708
Edmonton	W 17 L 7 Pct .708
Vancouver	W 17 L 7 Pct .708
San Jose	W 17 L 7 Pct .708
Los Angeles	W 17 L 7 Pct .708
San Jose	W 17 L 7 Pct .708
Los Angeles	W 17 L 7 Pct .708

WESTERN CONFERENCE

Central Division	Pacific Division
W 17 L 7 Pct .708	W 17 L 7 Pct .708
W 17 L 7 Pct .708	W 17 L 7 Pct .708
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FIRST PERIOD: 8-Healy 42 (Cotton, Westley).

Second Period: 8-Healy 42 (Cotton, Westley).	Third Period: 8-Healy 42 (Cotton, Westley).
Fourth Period: 8-Healy 42 (Cotton, Westley).	Fifth Period: 8-Healy 42 (Cotton, Westley).
Sixth Period: 8-Healy 42 (Cotton, Westley).	Seventh Period: 8-Healy 42 (Cotton, Westley).
Eighth Period: 8-Healy 42 (Cotton, Westley).	Ninth Period: 8-Healy 42 (Cotton, Westley).
Tenth Period: 8-Healy 42 (Cotton, Westley).	Eleventh Period: 8-Healy 42 (Cotton, Westley).
Twelfth Period: 8-Healy 42 (Cotton, Westley).	Thirteenth Period: 8-Healy 42 (Cotton, Westley).
Fourteenth Period: 8-Healy 42 (Cotton, Westley).	Fifteenth Period: 8-Healy 42 (Cotton, Westley).
Sixteenth Period: 8-Healy 42 (Cotton, Westley).	Seventeenth Period: 8-Healy 42 (Cotton, Westley).
Eighteenth Period: 8-Healy 42 (Cotton, Westley).	Nineteenth Period: 8-Healy 42 (Cotton, Westley).
Twentieth Period: 8-Healy 42 (Cotton, Westley).	Twenty-first Period: 8-Healy 42 (Cotton, Westley).

SOCCER

English League Cup	Spanish Cup
Manchester United 1, Arsenal 0	Real Madrid 2, Barcelona 1
Liverpool 1, Chelsea 0	Atletico Madrid 1, Valencia 0
Manchester City 1, Tottenham 0	Sevilla 1, Real Sociedad 0
Sheff Wed 1, Aston Villa 0	Real Betis 1, Cadiz 0
Sheff Utd 1, Middlesbrough 0	Granada 1, Espanyol 0
Sheff Wed 1, Aston Villa 0	Real Betis 1, Cadiz 0
Sheff Utd 1, Middlesbrough 0	Granada 1, Espanyol 0

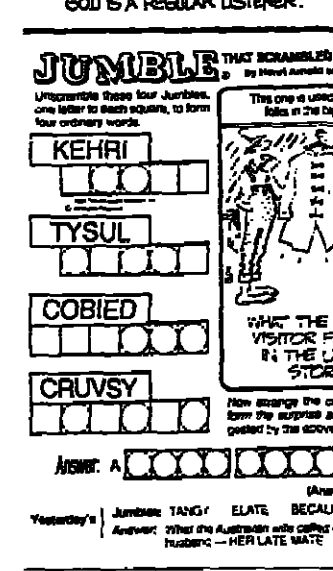
CRICKET

First One-Day International	Second One-Day International
England 141, West Indies 140	England 141, West Indies 140
England 141, West Indies 140	England 141, West Indies 140
England 141, West Indies 140	England 141, West Indies 140
England 141, West Indies 140	England 141, West Indies 140
England 141, West Indies 140	England 141, West Indies 140
England 141, West Indies 140	England 141, West Indies 140
England 141, West Indies 140	England 141, West Indies 140
England 141, West Indies 140	England 141, West Indies 140
England 141, West Indies 140	England 141, West Indies 140

DENNIS THE MENACE



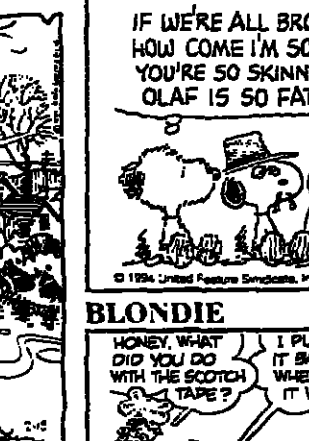
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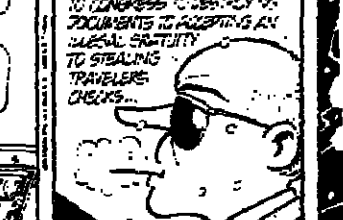
CALVIN AND HOBBES



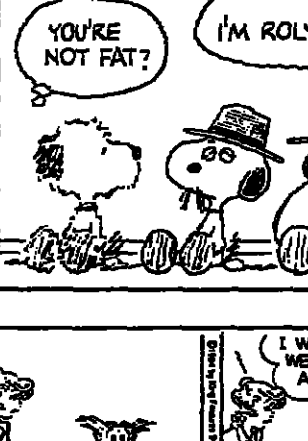
WIZARD OF ID



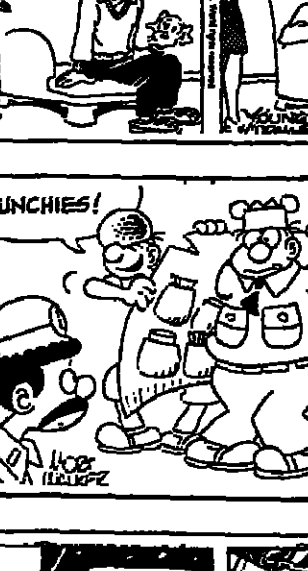
REX MORGAN



GARFIELD



DOONESBURY



GARFIELD



SPORTS WINTER OLYMPICS

Scene II, Takes I and II of the Harding-Kerrigan Escapades on Ice

By Ian Thomsen
International Herald Tribune

HAMAR — "Nancy? Tonya? Quiet you two. I need your full attention."
"Here's the routine for your first dual training session. We're going to walk through this together."

Thursday, Feb. 17, 1:23 P.M. — Nancy Kerrigan arrives at practice rink.
"Nancy, you'll be coming in first. No, Tonya, you won't be coming in with Nancy. We keep the two of you apart for a while. We let the tension build, build, build, yes? We let it build and we make it ours."

"Here's the situation. This is the first public meeting between the two of you since the attack on Nancy Jan. 6 in Detroit. It's a small practice rink and it's going to be mobbed with I don't know how many media people. They're so hungry for this they'll start arriving seven hours before, two hundred, three hundred of them packed-in maybe, and more TV cameras than the president sees. So makeup, ladies. don't

forget, lipstick and mascara. And Tonya: Easy on the mascara, all right?"

"Nancy, you're going to be wearing the same white lace outfit you had on when Tonya's pal whacked you. Honey, when you come in I don't want anyone in front of you. The cameras are going to flash all over you and you're going to look gorgeous, like a girl on her wedding day, precious and vulnerable. As for Tonya, let's see, Tonya is going to wear... huh. No wardrobe plan for Tonya. How did that happen? Well, just wear whatever you want. Sure, black leggings, floral top, that's fine. Just make sure it's girlish. You know, cheery."

1:35 P.M. — Tonya Harding arrives at practice rink.
"No, Tonya, you cannot come in with Nancy. Because Nancy comes in alone, that's why. Because I have other plans for you. Picture this: Nancy's out on the ice, spinning and laughing, a flower in the breeze, just enjoying herself, and then you come in. No, I wouldn't exactly characterize you as a flower. With you I'm thinking more along the lines of Sonny Liston. I see you

in the middle of this entourage, with this big bald guy pushing through the crowd ahead of you and you holding his hand, taking these little baby steps toward the rink. Rink. Did I say rink? I meant rink."

"Anyway, you pull off your purple fleece jacket and what are you wearing but a purple USA Olympic sweatshirt. You know, flaunting it. Tonya, stop interrupting me. Tonya. Tonya. No, Tonya, you cannot come in with your arm around Nancy. Because Nancy comes in alone. O.K., I will ask her. Nancy, do you want that Tonya should come into the rink with her arm around you? Did you see that. Tonya? That looked like a firm shake of the head to me."

1:40 P.M. to 2:10 P.M. — Nancy and Tonya share ice.
"This is where you're each practicing your long program. Nancy, you're skating to Boston Pops or something like that. That's perfect. And Tonya, you're skating to... Jurassic Park. That's also perfect."
"Nancy, you need to look like you're really trying. You're trying to make the best of a

terrible situation. Think of it like you're at a cocktail party and you're laughing too hard at everything, trying to make it work. Everyone can relate to that."

"Tonya: You are nervous. Throughout this whole mess you've been portraying yourself as something of a victim, but now you're on the ice with the real victim, and the whole world is scrutinizing you. She is allowed to laugh it off, and you are not. For the first time you're realizing who the victim really is. How are you supposed to act? Sensitive or tough? I want to see some tension from you, some uncertainty. You skate only half of your long program, spending most of the time talking to your coach until Nancy leaves the ice. Only after she's gone do you feel comfortable skating freely."

"Nancy, we've let it be known that the venue has received a couple of threatening phone calls against Tonya from Stateside. Nothing to worry about. Instead of the normal 35 security people, there'll be 150. All you have to do is be aware of each other constantly without looking each other in the eye. All sorts of different

music will be playing and there'll be the two of you, skating your modern ballet. Glide by each other a few times to let the photographers take their pictures."

2:10 P.M. — Lunch: 4:10 P.M. — Nancy and Tonya meet again in the Olympic Amphitheatre.
"The Amphitheatre is the main arena where you'll be competing next week. You'll be practicing your short programs here. It hits a crescendo here."

"Nancy, you're still laughing away. Tonya, you're out there looking like you're about to cry. Why? Because it's your turn to cry, that's why."

"Before we have anymore creative differences, you need to understand something, both of you. This is an ice show. Get it? It's the biggest extravaganza ever. Tonya, you hired on for this role and you can't change it now. If you don't like it, all I can say is your people should have thought of that before Detroit. Nancy seems to be handling it O.K., and she's the one who got hit. If only you could be more like Nancy."
"But you aren't, and you ought to be happy

about it. There can only be one Nancy in this show. Consider yourself lucky. If you were in pictures, you might win an Oscar for this."

"I mean, look at the ending we've got today. Tonya: You or someone you know made Nancy cry last month. Now she has the world on her side, and the focus is on you, to see how you'll react. Throughout this session you appear agitated, skating over to complain to your coach about your equipment and all sorts of other things."

"Now you're gliding along, powering toward your trademark triple axel, and you fall. It's a bad one. You get up, and it's all you can do to keep from sobbing as you limp past the photographers. At first we think it's your knee: How's that for irony? I imply you raise your arm to fend them off. Nancy is holding the rinkboard, talking with her coaches innocently, while you glide silent behind her like a shark fin in the water. How's that for a picture? Plus the inspirational music is playing in the background like always. This doesn't mean we're writing you out. Your ankle's only sore, nothing serious. Baby, be serious — this show couldn't go on without you."

Russian Snatches Victory As 3,000 Favorite Falls

The Associated Press

HAMAR — Svetlana Bazhanova of Russia was the surprise winner Thursday in the women's 3,000-meter speed-skating race after the favorite, Gunda Niemann of Germany, fell. It was the second time a Russian has struck gold here after the favorite faltered.

Bazhanova won her first Olympic medal and her nation's fifth gold of the Lillehammer Games after Niemann fell in the final turn on her second lap.

Emese Hunyady of Austria won the silver and Claudia Pechstein of Germany, who skated a personal record in the first pair, won the bronze.

Niemann, the world-record holder and defending Olympic champion, spilled in nearly the same spot where Dan Jansen of the United States had stumbled on Monday in the men's 500-meter event. Jansen maintained his balance and finished eighth, but Niemann skidded across the ice and wiped out her skating partner, Seiko Hashimoto of Japan.

Niemann finished the race, crossing in 5:10.28, almost a minute more than her world record of 4:10.80. Hashimoto, competing in

her sixth Olympics, did not continue. Niemann appeared to lose her balance after her left foot clipped a marker, and the German coaches were protesting the placement of the markers dividing the lanes. The judges were reviewing the videotape before ruling.

As Jansen's stumble had given Alexander Golubev a golden opportunity, Niemann's misfortune gave Bazhanova, 21, her chance. Skating four pairs after Niemann, she crossed the finish line in 4:17.43, bumping Hunyady by .71 seconds. Pechstein finished in 4:18.34.

A double-gold medalist in the 3,000 and 5,000 and winner of the silver in the 1,500 at the 1992 Games, Niemann was the favorite to sweep all three this year. She started smoothly, but clipped a marker with her left skate after 38.8 seconds. She slid uncontrollably into the outside lane, a look of horror on her face, as she took out Hashimoto.

The Japanese skater went down hard on her left arm, and slammed into the barricade, as did Niemann, a few feet away.

Niemann, seemingly in shock,

got up and skated away. She pulled off her cap and goggles, consoled Hashimoto, then put her gear back on and finished the race.

The 3,000 was her first race, and she had not lost at that distance since finishing second in a World Cup race in Davos, Switzerland, on Jan. 13, 1991. She was 4-for-4 in the 3,000 since the World Cup season began in November.

But it was her second fall in a year. She wiped out in the 500 at the 1993 European championships and finished sixth overall, the first time she had not won the title since 1988.

A three-time world champion and four-time European champion, Niemann, 27, was consoled by several skaters after finishing. She smiled and waved to the crowd as she skated slowly around the oval after the race.

Despite Pechstein's medal, it was a doubly disappointing day for the Germans. The medal contender Heike Warnicke, like Niemann a remnant of the former East German sports machine, finished well back in 4:28.43, nearly 14 seconds off her personal best.

The first women's speed-skating event of the Games played to the first empty seats of the Olympics in the Viking Ship Olympic Hall. The arena was about 70 percent full Thursday, and none of the women's events are sold out.

About 12,000 people — mostly Norwegians — had packed the arena for Johann Olav Koss's two gold-medal victories, on Sunday and Wednesday, as well as on Monday for the men's 500-meter event.

Some Old Stars Go Out In Men's Figure Skating

Reuters

HAMAR — The big names of men's figure skating took a severe battering in the Olympic technical program on Thursday.

A disastrous night for Brian Boitano, Viktor Petrenko and Kurt Browning, left them eighth, ninth and 12th and without any hope of medals. They entered the event as the outstanding favorites but now have to settle for the role of also-rans, no matter how they improve in Saturday's free-skating final.

The surprising leader was the Russian Alexei Urmanov with the established Canadian contender Elvis Stojko second and Philippe Candeloro of France in third.

Scott Davis of the United States and Oleg Tatarov of Russia completed a top five that would not have seemed remotely possible at the start of the competition.

Boitano, the 1988 Olympic champion who spearheaded the drive to have professionals back in competition, must have wondered why he bothered after opening the night's program with a catastrophic

fall on a triple axel jump. He did not attempt the second jump in his combination as required by the rules and was severely penalized. Then it was the turn of Petrenko, the 1992 Olympic and world champion from Ukraine, who had jumped on the Boitano bandwagon to compete again. He over-rotated his triple axel and only barely completed the double toe loop at the end of it. Then he two-footed the landing on the triple lutz in a program he had skated absolutely superbly as he won the European title last month.

Last in the field of 25 was Brown, world champion in 1989, 1990, 1991 and last year but sixth in the 1992 Albertville Olympics.

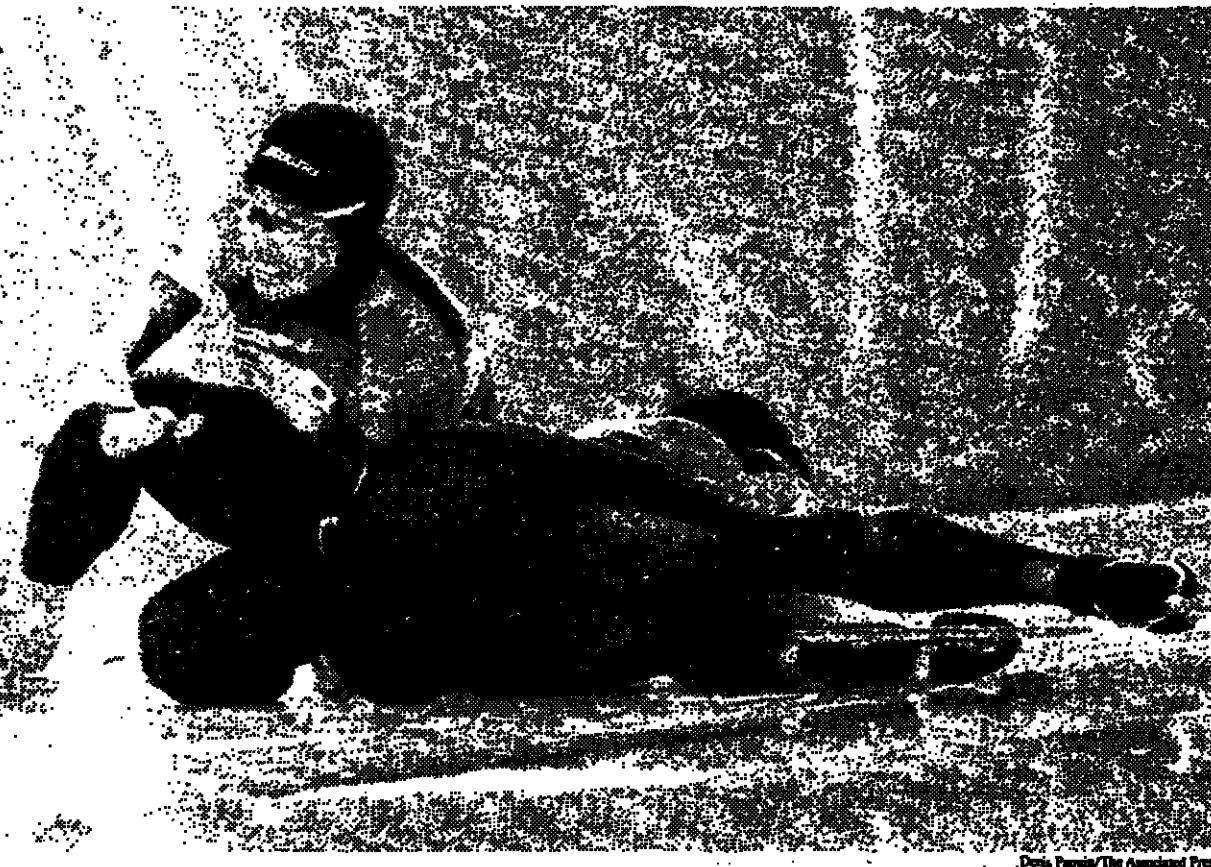
Urmanov, the world championship bronze medalist began with an excellent triple axel-double toe loop combination. It was followed by an equally fine triple lutz and later a perfect double axel, all intertwined with steps, spins and footwork.

His scores were almost all 5.7s and 5.8s for both the elements and his presentation of them.

Stojko sealed down a triple toe loop to a double in his combination with a triple axel and he, too, was flawless. Now he plans to throw in his quadruple toe loop-triple toe loop combination in the free skating in a bold bid for gold.

To our readers in France

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The German speed skater Gunda Niemann crashing Thursday into Japan's Seiko Hashimoto, left, in the women's 3,000 meters.

IOC to Match Athletes' Donations to War Victims

Reuters

LILLEHAMMER — The International Olympic Committee pledged Thursday to match any donations by Winter Games athletes to war victims in Sarajevo.

"We'll match any donations to Sarajevo by athletes, dollar for dollar, krone for krone," said the IOC's director-general, Francois Carrard.

Norwegian speed skater Johann Olav Koss, who won his second gold medal in a world record time on Wednesday, said he was donating the 225,000 kroner (\$30,000) bonus from the victory to an Olympic aid organization that is working in the city of Sarajevo.

Koss, a 25-year-old medical student, also urged Norway's four million people

to give 10 kroner for every gold medal won by a Norwegian athlete at the Games.

His donation went to Olympic Aid, which helps war victims in Sarajevo as well as Eritrea, Afghanistan, Beirut and Guatemala.

Norway's Olympic Committee said it would match Koss's donation.

Faster! Faster! Faster! Thrill of Technology, Agony of Error

By Johnette Howard

Washington Post Service

LILLEHAMMER — The clock never has an off-day, never cares about subplots, never makes allowances for who is long-suffering and who's just a recent hotshot.

For all Winter Olympic athletes, the margin between victory and defeat is as minuscule as a fingertip on ice that cost Dan Jansen a few tenths of a second in Monday's 500, or the brush of a luger's sleeve against the icy track, or the wind that smacks the airborne Alpine skier in the chest, slowing down the ones who don't have the nerve or the strength to maintain their racing tucks.

Sometimes hopes die at the Winter Games the same way they do at the Summer Olympics — a mistop on a landing that ruins the figure skater's otherwise clean program, a technical error by the ski jumper who explodes out of crutch too soon and mars his takeoff, a hockey team that's no match for an opponent.

But more often, Winter Olympic events depend on the pursuit of raw speed. Speed skaters here hit 40 miles per hour (65 kilometers per hour), the lugers and downhillers

push 75 to 80 mph, and bobsledders can approach 90 mph when everything goes right.

As speeds climb in a given sport, the tiny room for error decreases exponentially. Often, the high speeds that mean the sliver of daylight between a gold and silver medal winner are remarkable. In men's luge, the final difference between Georg Hackl and the runner-up, Markus Prock, was one-hundredth of a second over four runs.

But the potential for agonizingly close loss increases too.

Given the omnipresent clock, technology and equipment seem to play a bigger part in the Winter Games than the Summer Games. The constant race to find new advantages has sparked plenty of gamesmanship, serious research and innovation, and apocryphal claims of discoveries — not to mention some spying, stealing, lying and cheating over the years.

In the 1980s, lugers from Germany and Poland experimented with cone-shaped helmets to reduce drag. In addition to looking ridiculous, the cone-head helmets were dangerous because they extended over the back edge of the racer's sled and

bounced a slider's head off the track during a rough ride.

World-class skiers travel with equipment consultants and ski-wax experts that monitor conditions on race days before picking the right skis and wax to use. Filing down a luge sled's steel runners to the right racing edge is an art, too, and almost as important as figuring out the right racing line down the course.

Like world-class yacht racers — who actually have spy cameras mounted on remote-control buoys that can be floated over to rival boats to take underwater pictures of their hulls — lugers and bobsledders are constantly spying, photographing, and copying each other's sleds to discern competitor's secrets, too.

The U.S. doubles luger Jonathan Edwards remembers an assistant coach on the World Cup circuit "who used to sneak around pulling the rubber covers off other people's runners when he thought no one was looking. Then he'd rub his hand real quick over the steels to see what kind of edge the fastest teams were racing with."

The U.S. Olympic Committee actually has a director of sports science and tech-

nology on its staff to keep Americans abreast of latest innovations. Olympic and World Cup officials play a frequent cat-and-mouse game with lugers and bobsledders when the competitors aren't nattering on each other if they think a rival has discovered a secret.

"It's all part of the psychological warfare," the Norwegian speed skater Johann Olav Koss said earlier this week, laughing off his team's boasts about introducing a better racing suit here after the Dutch made noise about their new "aerodynamic" skate covers.

The American bobsled driver Brian Shimer said, "The general rule of thumb is if somebody's suddenly going faster, you challenge his sled."

Shimer should know. He's one of the drivers of the new Ro-Dyn bobsled, an aerodynamic wonder that handles and adjusts to tracks like a race car, thanks to the involvement of a NASCAR driver, Geoff Bodine. The sled is hundreds of pounds lighter than previous models. But, not surprisingly, its chassis and new materials were challenged almost the moment the sled debuted and, in the end, passed by the

international bobsled federation with some slight modifications.

"We must have been good," said Matt Roy, now the executive director of the U.S. bobsled federation. "I've never seen the International Rules Committee disqualify a sled sled."

Lugers know that the warmer their sled runners are, the faster they go. So the rule is that sled runners must fall within a 10-degree temperature range at the start gate. Race officials also test sled runners for banned substances. A rumor once on the World Cup circuit was that the Germans had come up with something that wasn't activated until race officials sprayed their runners with ether to detect doctored steels.

For a time, the U.S. luge team tried coating its runners and face shields with space-age sprays provided by NASA. In the end they found good old-fashioned dishwashing liquid was the best thing to keep their face shields from fogging. A discovery that suggests that age-old Olympic motto — Faster, Higher, Stronger — needs an addendum for the Winter Games: Whatever works.

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SPORTS WINTER OLYMPICS



Wasmeier Edges Out Moe in Super-G

Don Emmert/Agence France-Presse

Kjetil-André Aamodt (left), the home-crowd favorite and the defending Olympic champion in the super-giant slalom, managed only a bronze in the event on Thursday. He finished behind Markus Wasmeier (right), the winner of Germany's first Olympic men's Alpine medal since 1936, and Tommy Moe of the United States.



By Harvey Araton
New York Times Service

RINGEBU — The 30-year-old Bavarian painter and classical string musician did not come between Tommy Moe and Kjetil-André Aamodt. Markus Wasmeier of Germany exceeded both the American Alpine darling of the Winter Olympics and the Norwegian World Cup leader and defending Olympic gold medalist in the super-giant slalom Thursday.

Neither was about to begrudge Wasmeier, not after 10 years roaming the circuit as a perennial contender who'd earned no Olympic medals but had survived a back injury that nearly ruined him four years ago.

"He's a true skier," said Moe. "I'm happy for Markus. I'm happy for myself."

Why wouldn't he be? Moe already had the really big prize, the downhill gold medal. The silver he claimed in the super-giant was icing on his 24th birthday cake and an Olympics that has thrust him meteorically among the world's Alpine elite.

When he crossed the finish line, eight-hundredths of a second behind Wasmeier's 1:32.53, spectators in the grandstand burst into a raucous rendition of "Happy Birthday," not only to Moe but also Norway's Aale Skardal, who finished sixth.

Soon, Jan Kvinsland from the Norwegian ski federation was holding a birthday cake, and the whole lot of early finishers, all three medalists included, were wolfing it down as if the foot of the Kvitfjell course were some patisserie along the Champs-Élysées.

How all this actually tasted to Aamodt was a delicately handled subject at the news conference later in the day, when the hometown favorite sullenly waited as Moe, his mountain boy's face flush from success and his day outdoors, clearly fielded all the flustering questions about what it felt like to be one of the new sheriffs on the tour.

This was supposed to be the showtime for Aamodt, but Moe stole the downhill from him on Sunday, by four-hundredths of a second, less than two minutes after Aamodt had burst into patriotic song. Emerging as an Alpine power at the Albertville Games two years ago, the Norwegians had naturally targeted Lillehammer for their crowning achievement, especially Aamodt, the 22-year-old from Oslo who was considered a contender in all five Alpine events.

Five medals, still a real possibility, would be remarkable in itself, although only a consolation prize if Aamodt failed to win a gold. "For sure," he said. "I feel it will not only be enough for me to win a medal."

Years ago, this would have been near desecration of native custom, and, in Aamodt's case, it was. Amongst people who frowned upon excessive ambition and self-promotion, Aamodt was not typically well-received when, early in his career, he declared that his goal was to be the best Alpine skier in the world.

Janteloven, the expression representing this Norwegian social code, means, said Aamodt, "If you do something special, you shouldn't think you are special." Even before the Olympics were awarded to Lillehammer in 1988, younger Norwegians were challenging *janteloven*. The desire to build the sports programs for these Olympics overwhelmed it. The government poured \$1 billion into sports. Two years ago, a book with "Janteloven" printed on its cover, was ceremonially tossed into the sea by a government minister.

Aamodt and friends were free to publicly aim for the stars, to mock and act, he said, like Tommy Moe. "The American dream is to be No. 1," he said. "The American dream has come to Norway."

That had to make the first two medal ceremonies all the more galling for Aamodt. He has raced the best of the heavily favored skiers, only to be beaten by men experiencing the races of their lives.

Married and with a child, Wasmeier not long ago was contemplating retiring to paint antiques, to play his viola and zither. When he bumped into Danno Roffe-Steinrotter, who on Tuesday also came from nowhere to steal the women's super-G, she told him, "You can do it, too."

"I said, 'Yes, yes,'" said Wasmeier. "Like it was a good joke."

He was fourth racer down the super-G course, a downhill with well-spaced gates, right after Moe had run 1:32.61, making one costly mistake, a late turn at a gate near the bottom. Moe said he chose a high position because his coach, Bill Egan, had, by draw, been given the task of laying a course that no one had yet skied.

Aamodt skied the eighth position, so, this time, he knew what he needed, at least to beat Moe. He couldn't. "I lost some time in the middle," he said. When he removed his goggles and looked at the board, his expression gave his frustration away.

He was in a better mood after the downhill, happy to let Moe have his day. Now he was beaten in a race he was supposed to win. Silver or no silver, it was another close loss at home, another blown chance to educate millions watching on American TV.

"In the U.S., they think Norway is the capital of Sweden," he said. "Well," he decided, "we still have three more events to go."

Dahlie Triumphs in 10-K Cross Country

Home Crowd Cheers Its Winner, and Also the Runner-Up, Again: Smirnov

By Christopher Clarey
New York Times Service

LILLEHAMMER — No wonder the Norwegians have warmed to Vladimir Smirnov. Not only does he shoot Siberian rapids and swap campfire stories with their beloved Vegard Ulvang. The rugged man from Kazakhstan also has a habit of losing key races to their other cross-country superstar, Bjorn Dahlie.

Nearly a year after Smirnov was beaten by Dahlie in a photo finish at the world championships, the skier who was supposed to domi-

nate these Olympics was upstaged again with even more at stake in Thursday's 10-kilometer classic cross-country event.

Smirnov accepted the blow with his customary grace, which is yet another reason the Norwegians find him irresistible. "It's not perfect because I have enough silver medals, but I am satisfied," said Smirnov, the former Soviet star who at age 29 has yet to win an Olympic gold medal.

Dahlie, who won't turn 27 until June, now has four of them. But this was his first in these Games;

his first before the exuberant crowd that has transformed this stretch of scenic forest into a low-temperature Norwegian version of Carnival.

"With all the Norwegians there today and me winning the gold on home ground, this is the biggest thing I have ever experienced in skiing," said Dahlie, who celebrated by serving homemade cherry brandy to the Norwegian press before an interview session.

"I do not recommend this for skiers," said Dahlie, who joked that "it contains no Smirnov."

His time of 24:20.1 was 18 seconds better than his Kazakh rival and 22.2 seconds better than the bronze medalist, Marco Albarello of Italy. Ulvang, making his 1994 Olympic debut, struggled because of a sore left thigh and finished a disappointing seventh.

"That was the best classical race of my life," said Dahlie, whose two individual golds in 1992 came in freestyle events, which allow skiers to use the faster, skating motion.

Dahlie now has an excellent chance of winning a record-tying fifth gold on Saturday in the second stage of this race, the 15-kilometer freestyle pursuit, which he will start with an 18-second advantage over Smirnov.

Smirnov has plenty of support in this thickly forested neck of the woods. He has lived in Sundsvall, Sweden, since 1991, when he left what was then the Soviet Union and accepted sponsorship from a Swedish skiing club. A quick study, Smirnov rapidly won over the populace by learning the language and has competed in the Swedish national championships. A company run by the Swedish cross-country star Torbjorn Mogren actually has been sponsoring Smirnov for the last two seasons.

What has made him a household name in Norway are his rugged escapades with Ulvang (they have canoed in Siberia and climbed mountains in Mongolia) and the manner in which he lost the 15-kilometer pursuit race at last year's world championships. After he and Dahlie crossed the finish line in unison, the scoreboard initially showed Smirnov as the winner, but as he erupted and began giving television interviews, race officials examined a photograph and announced that Dahlie's right foot had crossed the line first.

Dahlie responded by inviting the crestfallen Smirnov to dinner with the Norwegian team. One race organizer went so far as to present Smirnov a painting that remade history by lengthening Smirnov's foot enough to beat out Dahlie's. Other Norwegians sent envelopes full of paper medals painted gold. "I received hundreds of letters," Smirnov said.

But all the compassion in Scandinavia cannot change the fact that Smirnov remains a paper tiger. Since joining the World Cup circuit a decade ago, he has won only one major title: the 30-kilometer event in the 1989 worlds. This season, he dominated the pre-Olympic calendar (and Dahlie) but finished only 10th in Tuesday's opening 30-kilometer race.

By his own admission, Smirnov has no chance for a gold in the men's relay or the 50-kilometer. That leaves only Saturday's pursuit.

"I just hope there will be no photo finish," Smirnov said.

OLYMPIC NOTEBOOK

Franz Heinzer of Switzerland, the former world champion and three-time World Cup finalist in the downhill, announced Thursday that he will retire at the end of the Alpine season, but emphasized that it had nothing to do with the Swiss team's poor showing in Lillehammer.

Heinzer, 31, said a fall on the course at Kitzbühel, Austria, this season had showed him how close he could come to serious injury. "I thought a lot about the crash and I found out that there was not so much fun jumping 60 meters as it was when I was 20," he said. "I was no longer able to go for it as in the past."

U.S. speed skater Kristen Talbot, who last month donated bone marrow to her brother, Jason, to help combat his blood disorder, lost her grandfather to a heart attack. Edward Talbot, 66, died Tuesday in Schuylerville, New York.

CBS's ratings for the first four nights of the Winter Olympics were up 27 percent over the Albertville Games two years ago.

Tuesday night's coverage earned a 27.3 rating and a 39 share, the network's best Tuesday night since Feb. 28, 1994, when the Grammy Awards got a 31.3 rating and a 44 share.

The rating is the percentage of television households in the United States, each point representing 942,000 homes. The share is the percentage of television on at the time.

Maybe related: The mother of figure skater Tonya Harding remained in stable condition in a New York City hospital, a day after fainting in a television studio.

Doctors at St. Clare's Hospital were conducting tests to determine why LaVonne Golden collapsed after taping "The Monte Williams Show" on Tuesday afternoon, a hospital spokesman said.

But did he go? Long before the Games began, Ueli Leuth, the U.S. men's ski coach, said that if he were as to go to Las Vegas, "I would put my money on Tommy Moe win-

ning an Olympic medal in the super-G."

Leuth, apparently, was not prepared to gamble on Moe getting a medal in the downhill, which he won.

Mongolia's lone Winter Olympic athlete has arrived, by plane instead of train.

Short-track speed skater Butchman Bat-Orgil had faced an eight-day train ride. But the organizing committee's spokesman, Tor Anne, said Thursday that private funds had been found in Ulan Bator to pay for air tickets for Bat-Orgil and a Mongolian sports official.

Has he an "S" on his chest?

Jeff Lazaro, an alternate captain on the U.S. hockey team, purposely checking teammate Matt Martin during practice at Kvitfjell Hall, hit the Plexiglas instead and went flying on through it.

"It's something we do all the time," Lazaro said. "But it just opened right up."

"It must be awfully weak glass, because I know he's not that strong," goalie Garth Snow said.

Want cheap lodging in Lillehammer?

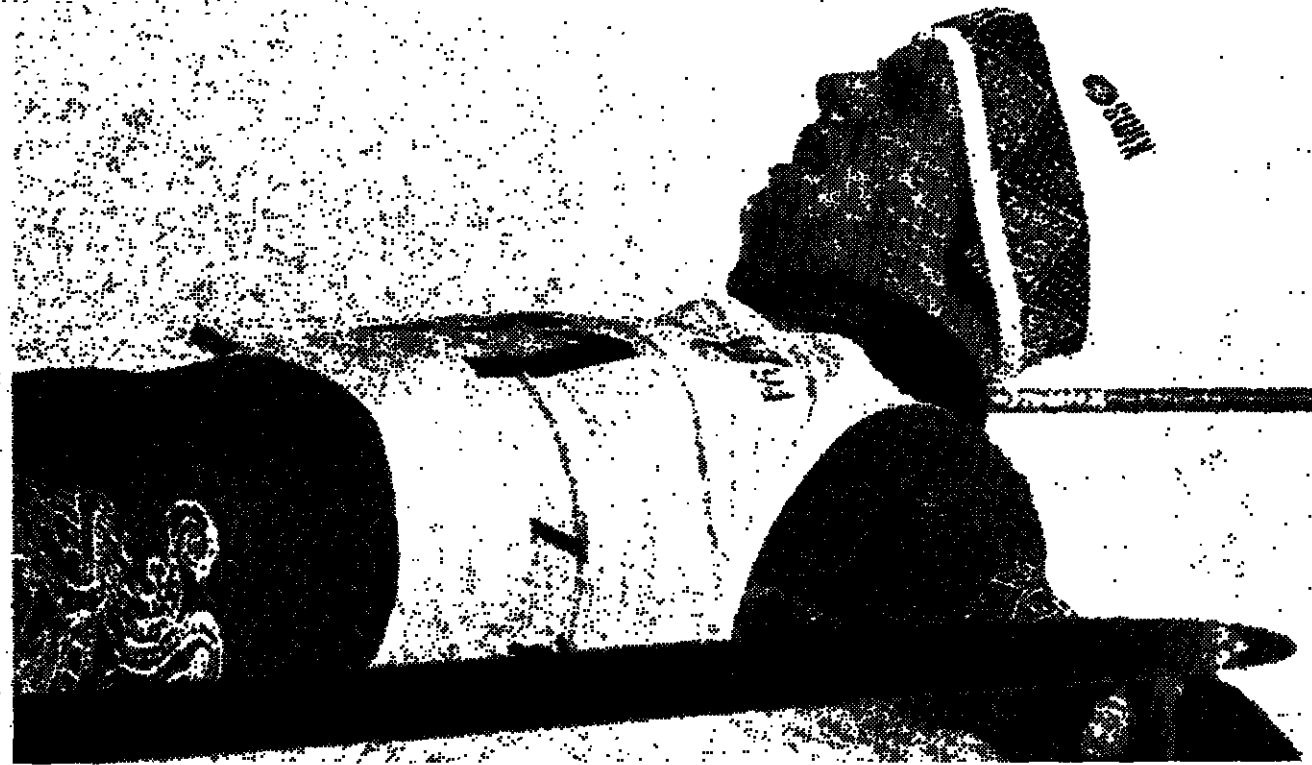
On Wednesday night, three people spent the night at the jail, only because they had no other place to stay," said a police officer, Rigmor Sæther.

She said she did not want the jail to become just a cheap place to stay, but would not turn the needy away. Under Norwegian law, anyone unable to find somewhere to sleep can apply for so-called "homeless arrest" overnight.

How's that? Donna Weinbrecht of the United States, who won the gold medal in Albertville, planned to "streak" the course, but got hit by a "bad vision thing," pulled a "kibbles" and suffered an "eight-of-body experience."

Oh! "In the 1,000, you have time to make a mistake," said U.S. speed skater Dan Jansen, who slipped in the 500-meter race Monday. When he competes Friday in the 1,000, it will be his last chance at a medal.

(WP, LAT, NYT, AP, Reuters)



An exhausted Bjorn Dahlie, who said his victory Thursday on home ground was "the biggest thing I have ever experienced in skiing."

Egorova Holds Off Di Centra in Pursuit

Compiled by Our Staff From Dispatches

LILLEHAMMER — Lyubov Egorova of Russia moved within one gold medal of the Winter Olympics record on Thursday as she skied to an 8.3-second victory over Manuela Di Centra of Italy in the women's 10-kilometer cross-country freestyle pursuit.

Egorova and Di Centra also became the first triple medalists in the Lillehammer Games. It was the eighth medal in as many Olympic races for Egorova, who also won a silver behind Di Centra in the women's opening 15-kilometer free event Sunday. With five gold and three silvers, it is believed to be the foremost medal-streak in women's Olympic cross-country skiing.

Egorova, 28, had a 20-second advantage over Di Centra at the start after winning the 5-kilometer classical-style on Tuesday, the first leg of the pursuit.

She completed the pursuit in a total time of 41 minutes, 38.1 seconds.

"I was very confident all the way," Egorova said. "I knew every step that Di Centra was making. And I controlled the pace. My coach was telling me everything that she was doing."

"She had no power at the end but I was also quite tired," she added. "It took a lot of energy for me."

Stefania Belmondo of Italy, a freestyle specialist from Italy who won two gold medals in last year's World Championships, was 43 sec-

onds behind for the bronze medal after making the biggest move among the top skiers.

Belmondo was only 13th in the classical-style leg and trailed Egorova by 56 seconds at the start.

The pursuit race was introduced to the Olympics two years ago in Albertville and, unlike traditional events where competitors go out at 30-second intervals, the skiers' starting positions are determined by their placing in the 5-kilometer race.

Two years ago at the Albertville Games, Egorova was the cross-country queen as she captured three gold and two silver medals as an Olympic rookie. She has never failed to medal in eight Olympic races.

Egorova now is tied with the speed skaters Eric Heiden of the United States and Clas Thunberg of Finland for second all-time, with five gold medals in the Winter Olympics. Heiden captured his five in a single Olympics at the 1980 Lake Placid Games. Thunberg won his in 1924 and 1928.

Another speed skater, Lydia Skoblikova, is the career leader with six Olympic golds. She collected her record haul in the 1960 and 1964 Olympics while skating for the former Soviet Union.

Di Centra made a brave effort to catch Egorova in Thursday's race, but the Russian's advantage at the start proved to be too much.

(AP, Reuters)

'Mecca' of the True Sports Fan

The Associated Press

LILLEHAMMER — At the 1924 Paris Games, an American was beaten with a came for rooting too loudly for the U.S. rugby team. Norwegian fans are a different story, as the U.S. speed skater David Tamburino knows by now.

He finished the 1,500 meters well out of contention for any Olympic honor, but the sellout crowd of 12,000 cheered anyway. Tamburino, a virtual unknown in his own land, had set a personal record, and the Norwegians knew it.

"I've never experienced anything like it," he said. "It's a familiar refrain at the 17th Winter Games."

"Among the Olympics, this is perhaps the most fraternal," said Bernard Bouraddy of the French Olympic Committee. He has attended the Games since 1960.

There is plenty of Norwegian flag-waving, but "nothing is provocative here. Nothing is irritating here," said Fritz Suer of the Dutch Olympic

Committee, remembering the nationalism of the 1980 Moscow and 1984 Los Angeles Games.

At the Viking Ship arena, each speed skater's intermediate times drew delight or disappointment from the crowd, whether the racer was Norwegian or not. When Tamburino crossed the finish line to secure 22d place, cheers and the clanging of cowbells filled the air.

"It's an inspirational crowd," he said. "They appreciate everybody. They know everybody."

Although the crowd appears to be fair to everyone, an extra helping of decibels is reserved for the local heroes.

The Norwegian downhill skier Kjetil-André Aamodt usually moves so fast he doesn't hear a thing. When he came down the Kvitfjell course this week in front of 40,000 spectators, he heard cheering for the first time ever.

Norway's speed skater Johann Olav Koss sent the crowd into a delirium when he set world records in the 5,000 and 1,500 meters. "What a

great feeling to have the crowd behind me like that," he said.

But when Koss's archrival, Falco Zandstra of the Netherlands, beat him to become world champion on the same oval last year, the crowd was just as appreciative.

That tradition goes back a century, when the first speed skating championships were held in Hamar.

"Nationalism is far less important than the performance. This is no chauvinism," said Dr. Jacques Rogge, head of the European Olympic Committees. "This is the mecca of any true fan."

"Here the people are better educated in sports and appreciate it better," Bouraddy said. "In Los Angeles, they just came to see a spectacle."

Two years ago at the Games in Albertville, France, many of the Olympic sites were rarely near capacity. But here, 88 percent of the 1.4 million tickets offered have been sold.

To watch Koss, there was a waiting list of 125,000 people. Ten Viking Ships would not have been enough.



For Norwegian fans, like this group at a medal ceremony, it's an athlete's performance — not nationality — that counts.

POSTCARD

The Embroidered Shirt

By Patricia Leigh Brown
New York Times Staff

NEW YORK — Among the vivid scraps of history in Lubow Wolyne's life is a memory of herself as a 6-year-old girl.

She was living in a small town in Germany after World War II, having fled western Ukraine with her family when the Russians arrived in 1945. Upon their arrival, her mother sorted through the family's remaining possessions and realized that her daughter was without her embroidered shirt.

For a Ukrainian, being without a traditional embroidered shirt means "being without your twin," Wolyne said. So, determined to create anew, her mother began to scour the town of Offenbach for scraps of cloth and floss, and soon other Ukrainian women joined in.

"I remember when I first put that shirt on, I was the proudest person in that little town," Wolyne recalled one recent afternoon, sitting in her living room here, surrounded by embroidery. "We had nothing. Yet people didn't think about bread or home — but the meaning of an item a young girl should have growing up."

For centuries, Ukrainian embroidery has been laced with meaning. In a country with a tumultuous history marked by foreign invasions and political persecution, embroidery has been "symbolically linked to national identity and unity," said Oksana I. Grabowicz, an anthropologist and research associate at the Ukrainian Research Institute at Harvard University.

During the Soviet period, especially during the 1970s and '80s, wearing an embroidered shirt was a sign of political protest and ethnic distinctiveness. "It goes much deeper than aesthetics," Grabowicz said. "It gives a sense of affinity that goes beyond words."

Thus, as it does in so many Ukrainian households here, embroidery infuses the house where Wolyne has lived since 1972.

The throw pillows on her living-room sofa reveal a personal history, intricate embroidered patterns from the Carpathian Mountains, the region where she was born. Stars signify the sun, a solar sign for good luck. Wavy lines meander and wrap around the pillows, sym-

bols of eternity and the cyclical nature of the seasons. Squares, or lozenges, signifying fertility dance across the surfaces of the pillows like sown fields across a landscape.

In an old suitcase, Wolyne, now a curator at St. Basil's College Seminary in Stamford, Conn., and the folk-art curator for the Ukrainian Museum in Manhattan, keeps samples of her work, including red-and-black designs of the Kiev region and ruyzka, a special imitation weave stitch from the Carpathian Mountains. Hints of orange and yellow, symbols of heavenly light, race through asymmetrical black-and-white geometric mazes.

"From age 4, my mother would show me how to use the needle," said Wolyne, who is now 56 and whose childhood home was filled with embroidered pillowcases, bedspreads and religious ritual cloths. "You just do."

Before coming to the United States in 1949 at age 10, Wolyne spent four years in a displaced-persons' camp in Germany. There, she and other Ukrainians embroidered shirts and dresses out of parachute cloth ("the vogue," she joked).

Her family arrived in New York harbor on a U.S. Army ship. When her mother asked her what she wanted to wear to America, Lubow replied, "My embroidered shirt."

The one her mother had lovingly pieced together five years before. Wolyne shares her house with her two sons, Yuri, 24, and Volodymyr, 23, and their cats, Casper and Buster. Her husband, George, a lawyer, died seven years ago.

"I try to make it aesthetically pleasing," she said of the decor, which is enlivened by ceramic plates, paintings, wood carvings, blankets and other examples of Ukrainian folk art. "I try not to overdo. I use embroidery to make my home warm and pleasant to me. But too much of a good thing is not necessarily beautiful."

In peasant homes, rows of icons are often adorned with long stretches of cloth so that the saints won't quarrel about who has the finest one. "Embroidery interprets human nature," Wolyne said, clearly amused, "as if saints quarreled just like humans do."

The Incredible Inventory of Hal Willner

By Mike Zwerin
International Herald Tribune

PARIS — Hal Willner is a musician who doesn't play an instrument, a composer who doesn't compose. He's a soloist who doesn't take solos and a director who doesn't direct. Following in the steps of Duke Ellington, who once hired a saxophone player who drank a lot because he liked the way he played drunk, Willner raises casting to an art form.

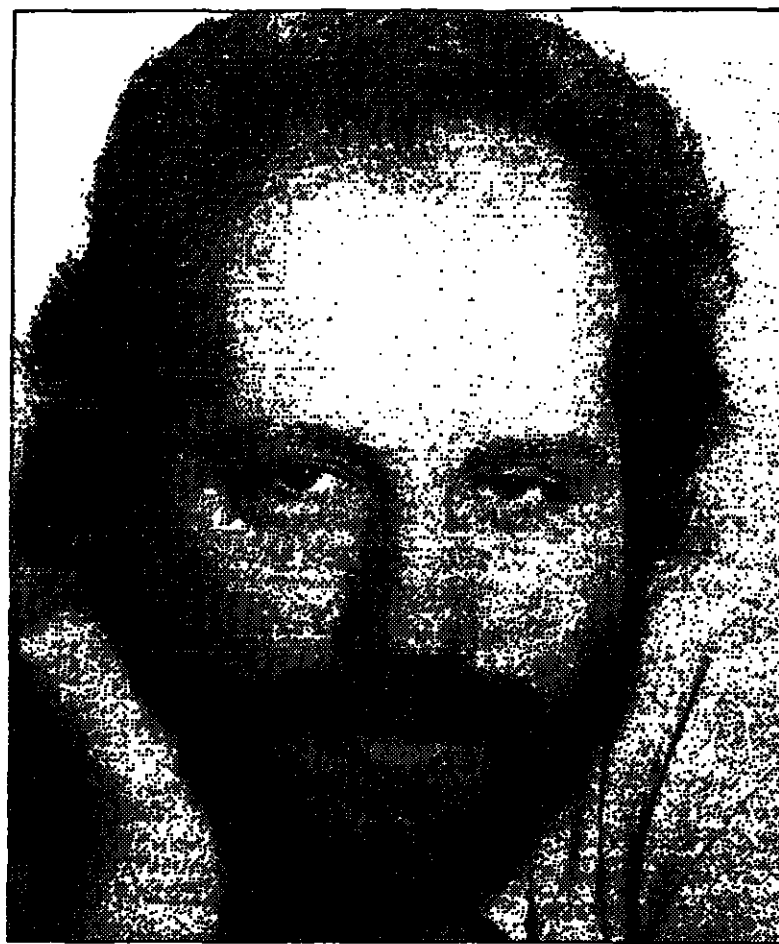
His viability rests on the assumption that music comes before business in the music business; that, given a choice, human beings still prefer good music to bad and that rock stars are not only in it for the money. The guiding principle is "you can always fix the music but you can't always fix the artist." In other words, you might say that the "right" person performing the "wrong" song is the way to go. Nobody had asked Joe Jackson to sing Monk's "Round Midnight" before.

In the old days, when A&R men would connect musicians on the rosters of their record companies with "appropriate" material, the wrong people often sang the wrong songs. The world is Willner's roster and, flying by the seat of his pants, he is responsible for some of the most appropriate and just plain wacky albums of the past decade. His tribute compilations of the music of Nino Rota ("Amarcord Nino Rota"), The Beatles ("That's the Way I Feel About Music"), Kurt Weill ("Lost in the Stars") and Walt Disney ("Stay Awake") connect the following:

The Rolling Stones' Keith Richards and Charlie Watts play Mingus's "Oh Lord Don't Let Them Drop That Atomic Bomb on Me." Michael Stipe of R.E.M. joins 10,000 Maniacs' Natalie Merchant singing a nursery rhyme from "Bambi." Tom Waits grows "What Keeps Mankind Alive" from "The Threepenny Opera."

Sun Ra struts "Pink Elephant on Parade." Sting does "Mark the Knife" and Wynonna Judd waxes sentimental on a Rota melody.

Some people turn down a Willner proposal because "it isn't going to do anything for my career." In any case, he hesitates is lost. If you have to mull it over, you're out of the race pronto. Willner wants a fast yes and a beautiful accident. "Laurel and Hardy were as much an influence on me as Bob Dylan and John Coltrane," he says, with a straight face. In fact, Willner's face is never really straight. It has been said that he looks like a "stunned fish out of water." He always appears to be lost in thought thinking about something other than what he's saying. (He humbles.) He might be described as scraggly, but his mind is anything but unkempt.



Willner: Some appropriate and some plain wacky albums for the past decade.

In the studio he can only attempt to control what he has wrought. What do James Taylor, Los Lobos, Garth Hudson, Sinéad O'Connor, NRBQ, The Replacements, Sam Ra, Bill Frisell, Ringo Starr, Tom Waits, Harry Nilsson and Betty Carter have in common? They all sing Walt Disney movie songs for Hal Willner. He creates a kind of weird parallel world, which Terry Adams of NRBQ explains: "Hal is the kind of guy who knows that when something is absurd, it's beautiful."

When he convinced Debbie Harry, lead singer of Blondie, to be on the Rota compilation, along with jazz people Carla Bley and Steve Lacy, Willner wasn't thinking about sales, he just thought Blondie was a great group. He is out to prove that musicians in general and rock stars in particular have a wider range of interests than they are given credit for. "Rock musicians deserve respect for performing Monk because they know they are going to be judged severely for even attempting it. They must love the music."

Talk about absurd. He started out on the wrong foot, signed when he should have zipped, bopped when he should have bopped and ended up exactly in the right place at the right time. Willner is the musical equivalent of the kid who wasted his youth in poolrooms and ended up starring in a movie about a pool shark. It's all research, baby. He followed his own star even though it had no name. Post-Willner, compilations have become quite the thing, one of the most successful being "I'm Your Fan," a fanciful-cast tribute to Leonard Cohen.

"When I was 15," Willner says, "one of my favorite tunes was Willie Nelson singing 'Gloomy Sunday,' which tells you a lot about what kind of kid I was. All I did was go up to my room, lock the door, jump around and listen to everything from Stravinsky to Miles to rock 'n' roll." Sopping it

all up for future use, he hummed Bernard Hermann's Alfred Hitchcock themes. Carl Stalling's music for Daffy Duck cartoons, he whistled "Whistle While You Work." Just about everybody he knew considered all of this a total waste of time. He watched Ed Sullivan, listened to The First Side Theater on the radio, and to records by Captain Beefheart, The Byrds and Led Zeppelin. It's endless. Orson Wells had a radio show around midnight. Around 2 he'd be listening to Ornette Coleman.

At the age of 18 (he's 37 now), he began his career in show business as a gofer for TV producer. Driving a taxicab at night, he produced Leon Redbone's version of "Shine On Harvest Moon" and several tunes for Rashid Roland Kirk (Gofering and cab-driving are about his only normal career moves). In 1980, he landed a job as music coordinator on "Saturday Night Live," selecting prerecorded musical tidbits for comedy sketch backgrounds. All of a sudden, the "wasted" youth turned into prime-time inventory. Without knowing it, he had spent his life preparing for this job. The show is still running, he's still coordinating.

In addition to compiling his discography of individual productions includes Marianne Faithfull's "Strange Weather," "Dead City Radio" by William Burroughs, a multiple CD box boiled down from 1,000 hours of Lenny Bruce's private tapes, "The Carl Stalling Project," a four-CD Allen Ginsberg box and "Another Hand" for David Sanborn.

"Hal's got this great network in his mind, with all sorts of odd connections," Sanborn says. "He'll find a seemingly safe situation and then throw a land mine into it to make it interesting. He's a pretty twisted guy. Hal's secret is that he loves the music more than he loves the job."

Willner's love is not universally returned. Not all jazz buffs are pleased to hear renditions of Monk tunes by pop singers. His Kurt Weill compilation received a negative review in the Kurt Weill newsletter. Disney refused to sanction his Disney compilation under its corporate umbrella. But he also tends to attract interesting fans.

He felt at home as music producer for the Robert Altman film "Short Cuts." Altman, he says, "works the way I want to work. He puts up a strong framework and then allows you to roam within it. That's what's so amazing about him. He creates a situation where artists are going to be able to do their best. He wants them to feel a certain way. He allows things to happen. What I have to offer is taste as opposed to technical know-how. Mainly, I guess, I just have this incredible inventory of useless information."

PEOPLE

Solemn Vienna Debut For 'Schindler's List'

The European opening of Steven Spielberg's "Schindler's List" in Vienna was much more than a film premiere. Many Holocaust survivors were present, including Simon Wiesenthal, who introduced the film and proclaimed it a memorial to victims, with a reminder to fight neo-Nazism. The event Wednesday, under the patronage of President Franz Vranitzky, drew a crowd of 750 cultural and social leaders, as well as Spielberg, who got a standing ovation.

Elizabeth Taylor, 61, will enter a hospital next month for hip replacement surgery.

Kim Basinger, supine and stretchless, is pictured in an anti-fur poster bearing the words "Beatty is Not About Wearing Someone Else's Coat." The poster was unveiled this week by the Washington-based People for the Ethical Treatment of Animals.

A publicist who admitted he had a fetish about the footwear of his former client, Maria Trump, was found guilty Wednesday of stealing her shoes, boots and underwear. Chuck Jones, 52, faces a sentence of 18 months to 4½ years in prison.

Viking Books has agreed to stop selling David Levitt's novel "While England Sleeps" in settlement of a lawsuit brought by the poet Sir Stephen Spender. Spender's suit stated that the novel about a love affair between two women in the 1930s, too closely resembled Spender's memoir "World Within World" and was objectionably salacious.

Diane Sawyer will remain with ABC. So says ABC news president Rosalind Wiseman, ending a month of intensive bidding for her services by all four major U.S. networks. Details of Sawyer's new deal were not spelled out, but the speculation is that she has doubled her current salary of about \$3 million a year.

INTERNATIONAL CLASSIFIED
Appears on Pages 8 & 10

WEATHER

Europe				Forecast for Saturday through Monday, as provided by Accu-Weather.				Asia			
City	Today	Low	High	City	Today	Low	High	City	Today	Low	High
Algeria	15/20	9/14	16/21	12/23	Algeria	15/20	9/14	16/21	Algeria	15/20	9/14
Amsterdam	17/24	12/27	17/24	12/27	Amsterdam	17/24	12/27	17/24	Amsterdam	17/24	12/27
Antwerp	17/24	12/27	17/24	12/27	Antwerp	17/24	12/27	17/24	Antwerp	17/24	12/27
Athens	18/23	8/11	18/23	8/11	Athens	18/23	8/11	18/23	Athens	18/23	8/11
Berlin	11/22	5/10	11/22	5/10	Berlin	11/22	5/10	11/22	Berlin	11/22	5/10
Brussels	12/23	5/11	12/23	5/11	Brussels	12/23	5/11	12/23	Brussels	12/23	5/11
Budapest	12/23	5/11	12/23	5/11	Budapest	12/23	5/11	12/23	Budapest	12/23	5/11
Copenhagen	12/23	5/11	12/23	5/11	Copenhagen	12/23	5/11	12/23	Copenhagen	12/23	5/11
Dublin	11/22	5/10	11/22	5/10	Dublin	11/22	5/10	11/22	Dublin	11/22	5/10
Edinburgh	11/22	5/10	11/22	5/10	Edinburgh	11/22	5/10	11/22	Edinburgh	11/22	5/10
Frankfurt	11/22	5/10	11/22	5/10	Frankfurt	11/22	5/10	11/22	Frankfurt	11/22	5/10
Geneva	11/22	5/10	11/22	5/10	Geneva	11/22	5/10	11/22	Geneva	11/22	5/10
Helsinki	11/22	5/10	11/22	5/10	Helsinki	11/22	5/10	11/22	Helsinki	11/22	5/10
London	11/22	5/10	11/22	5/10	London	11/22	5/10	11/22	London	11/22	5/10
Madrid	11/22	5/10	11/22	5/10	Madrid	11/22	5/10	11/22	Madrid	11/22	5/10
Moscow	11/22	5/10	11/22	5/10	Moscow	11/22	5/10	11/22	Moscow	11/22	5/10
Munich	11/22	5/10	11/22	5/10	Munich	11/22	5/10	11/22	Munich	11/22	5/10
Nice	11/22	5/10	11/22	5/10	Nice	11/22	5/10	11/22	Nice	11/22	5/10
Paris	11/22	5/10	11/22	5/10	Paris	11/22	5/10	11/22	Paris	11/22	5/10
Rome	11/22	5/10	11/22	5/10	Rome	11/22	5/10	11/22	Rome	11/22	5/10
Stockholm	11/22	5/10	11/22	5/10	Stockholm	11/22	5/10	11/22	Stockholm	11/22	5/10
Toronto	11/22	5/10	11/22	5/10	Toronto	11/22	5/10	11/22	Toronto	11/22	5/10
Warsaw	11/22	5/10	11/22	5/10	Warsaw	11/22	5/10	11/22	Warsaw	11/22	5/10
Zurich	11/22	5/10	11/22	5/10	Zurich	11/22	5/10	11/22	Zurich	11/22	5/10

North America				Europe				Asia			
City	Today	Low	High	City	Today	Low	High	City	Today	Low	High
Algeria	15/20	9/14	16/21	12/23	Algeria	15/20	9/14	16/21	Algeria	15/20	9/14
Amsterdam	17/24	12/27	17/24	12/27	Amsterdam	17/24	12/27	17/24	Amsterdam	17/24	12/27
Antwerp	17/24	12/27	17/24	12/27	Antwerp	17/24	12/27	17/24	Antwerp	17/24	12/27
Athens	18/23	8/11	18/23	8/11	Athens	18/23	8/11	18/23	Athens	18/23	8/11
Berlin	11/22	5/10	11/22	5/10	Berlin	11/22	5/10	11/22	Berlin	11/22	5/10
Brussels	12/23	5/11	12/23	5/11	Brussels	12/23	5/11	12/23	Brussels	12/23	5/11
Budapest	12/23	5/11	12/23	5/11	Budapest	12/23	5/11	12/23	Budapest	12/23	5/11
Copenhagen	12/23	5/11	12/23	5/11	Copenhagen	12/23	5/11	12/23	Copenhagen	12/23	5/11
Dublin	11/22	5/10	11/22	5/10	Dublin	11/22	5/10	11/22	Dublin	11/22	5/10
Edinburgh	11/22	5/10	11/22	5/10	Edinburgh	11/22	5/10	11/22	Edinburgh	11/22	5/10
Frankfurt	11/22	5/10	11/22	5/10	Frankfurt	11/22	5/10	11/22	Frankfurt	11/22	5/10
Geneva	11/22	5/10	11/22	5/10	Geneva	11/22	5/10	11/22	Geneva	11/22	5/10
Helsinki	11/22	5/10	11/22	5/10	Helsinki	11/22	5/10	11/22	Helsinki	11/22	5/10
London	11/22	5/10	11/22	5/10	London	11/22	5/10	11/22	London	11/22	5/10
Madrid	11/22	5/10	11/22	5/10	Madrid	11/22	5/10	11/22	Madrid	11/22	5/10
Moscow	11/22	5/10	11/22	5/10	Moscow	11/22	5/10	11/22	Moscow	11/22	5/10
Munich	11/22	5/10	11/22	5/10	Munich	11/22	5/10	11/22	Munich	11/22	5/10
Nice	11/22	5/10	11/22	5/10	Nice	11/22	5/10	11/22	Nice	11/22	5/10
Paris	11/22	5/10	11/22	5/10	Paris	11/22	5/10	11/22	Paris	11/22	5/10
Rome	11/22	5/10	11/22	5/10	Rome	11/22	5/10	11/22	Rome	11/22	5/10
Stockholm	11/22	5/10	11/22	5/10	Stockholm	11/22	5/10	11/22	Stockholm	11/22	5/10
Toronto	11/22	5/10	11/22	5/10	Toronto	11/22	5/10	11/22	Toronto	11/22	5/10
Warsaw	11/22	5/10	11/22	5/10	Warsaw	11/22	5/10	11/22	Warsaw	11/22	5/10
Zurich	11/22	5/10	11/22	5/10	Zurich	11/22	5/10	11/22	Zurich	11/22	5/10

WEEKEND SKI REPORT

Resort	Depth	Mts.	Res.	Snow	Last	Comments	Resort	Depth	Mts.	Res.	Snow	Last	Comments
Sweden	L	U	Plates	Plates	Snow		L	L	U	Plates	Plates	Snow	
Pas de la Case	180 210	Good	Good	Pwd	2/14	Really fully open, excellent skiing	Carvinia	90 370	Good	Open	Ver	2/10	Most lifts open, great skiing
Soldau	130 215	Good	Good	Pwd	2/14	Really fully open, great skiing	Corvina	28 130	Good	Open	Pd	2/18	Good skiing on hard snow
Austria							Courmayeur	110 235	Good	Clad	Pd	2/10	25-27 lifts open, excellent skiing
Kitzbühel	10 65	Good	Open	Pd	2/13	All lifts open, icy patches	Salva	65 120	Good	Open	Pd	2/18	All 75 lifts open, setsa ronds open
Kranichsee	70 150	Good	Open	Ver	2/13	All lifts open, excellent skiing	Sestriere	115 245	Good	Open	Pwd	2/13	All 21 lifts open, excellent skiing
Schladming	45 130	Good	Open	Ver	2/13	All 75 lifts open, great piste skiing							
St.Anton	60 300	Good	Open	Ver	2/14	All 75 lifts open, excellent skiing							
France													
Alpe d'Huez	150 240	Good	Open	Ver	2/15	74/65 lifts open, superb skiing	Spilth	155 320	Good	Open	Pwd	2/12	21/22 lifts and 36/43 pistes open
Les Arcs	100 330	Good	Open	Ver	2/15	32/34 lifts open, excellent skiing	Switzerland						
Avoriaz	170 210	Good	Pd	2/10	All 41 lifts open, great piste skiing	Aspen	105 120	Good	Open	Ver	2/11	All 18 lifts open, lovely piste skiing	
Chautauk	195 330	Good	Open	Ver	2/10	11/15 lifts open, lovely skiing	Grans Montana	40 155	Good	Open	Ver	2/10	All 45 lifts open, great snow
Chamonix	40 340	Good	Open	Ver	2/10	41/45 lifts open, excellent skiing	Davos	95 195	Good	Open	Ver	2/11	All lifts and piste open
Courchevel	135 165	Good	Open	Ver	2/14	All 57 and 65 pistes open	Grindelwald	30 130	Good	Open	Ver	2/15	All 53 lifts open, some icy patches
Les Deux Alpes	80 305	Good	Pwd	2/13	60/63 lifts open, some hardpack	Gstaad	20 70	Good	Open	Ver	2/12	All 64 lifts open, superb skiing	
Flaine	135 360	Good	Open	Ver	2/15	25/26 lifts open, superb skiing	St.Moritz	90 160	Good	Open	Ver	2/12	All 64 lifts open, superb skiing
Isola	245 345	Good	Pwd	2/15	25/26 lifts open, fantastic powder	Vernier	30 350	Good	Open	Ver	2/14	Upper slopes excellent	
Méribel	70 130	Good	Open	Ver	2/15	Luxury skiing excellent	Zermatt	65 230	Good	Open	Ver	2/10	All 36 lifts open, wonderful skiing
La Plagne	150 310	Good	Open	Ver	2/10	All 112 lifts open, superb skiing	U.S.A.						
Serre Chevalier	50 165	Good	Pd	2/14	All 77 lifts open, great piste skiing	Alaska	150 180	Good	Open	Pd	2/12	All 8 lifts open	
Tignes	140 280	Good	Open	Ver	2/11	49/54 lifts open, excellent skiing	Blackrock	185 165	Good	Open	Ver	2/15	15/16 lifts open
Val d'Isère	120 340	Good	Open	Ver	2/11	51/53 lifts open, great conditions	Keystone	100 140	Good	Open	Pd	2/12	13/22 lifts open
Val Thorens	140 300	Good	Open	Ver	2/10	All 25 lifts open, great skiing	Mammoth	135 180	Good	Open	Pd	2/15	20/50 lifts open
Germany							Park City	100 140	Good	Open	Ver	2/12	14 lifts open
Garmisch	20 250	Good	Open	Ver	2/17	33/38 lifts open, excellent skiing	Steamboat	125 175	Good	Open	Ver	2/12	16/20 lifts open
Oberstdorf	35 190	Good	Open	Ver	2/17	All 27 lifts open, excellent skiing	Telluride	125 148	Good	Open	Ver	2/12	All 10 lifts open
							Val	125 155	Good	Open	Pd	2/12	All 25 lifts open
Italy													
	20 195	Good	Pd	2/14	15/17 lifts open								

Key: L=U=Depth in cm on lower and upper slopes, Mts. Plateau/points/slopes pastes. Res.